

UNIVERSITY OF KWAZULU-NATAL

**LOCAL ECONOMIC DEVELOPMENT AS A SOCIAL
DIALOGUE: A CASE OF ENTERPRISE ILEMBE**

By

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CONFIDENTIALITY CLAUSE

Date: 15 October 2015

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"O my body, make of me always a man who questions!" - Frantz Fanon, *Black Skin, White Masks* (1925-1961).

ABSTRACT

In looking for a structure that would successfully foster a participatory approach to Local Economic Development (LED) matters and at the same time create institutions that are socio-economically sustainable, Local Economic Development Agencies (LEDAs) have been identified as mechanisms of economic cooperation between different stakeholders at the local level. This research identified Enterprise iLembe as the custodian of social dialogue in the iLembe District and as an institution that can drive the common developmental goals set out by the district municipality.

This research studied the role of social dialogue in LED matters through the case study of Enterprise iLembe. Enterprise iLembe is a development agency of the iLembe District, which was tasked with driving economic growth and investment promotion. The aim of the research was to study the level of cooperation between Enterprise iLembe and its stakeholders (local and district municipalities, the chamber of commerce and the greater iLembe community) from a social dialogue perspective. The research also aimed to understand the role of social dialogue in LED matters and the potential barriers that inhibit social dialogue in the district. This qualitative study involved interviews with officials from Enterprise iLembe, the iLembe District municipality, the iLembe Chamber of Commerce and the South African Local Government Association (SALGA).

It was found that the chief problem causing the confusion and friction between the LEDA and the local municipal LED units is not only the uncertainty surrounding the roles and responsibilities as noted by previous literature and reports, but also the lack of consultation and information sharing between the LEDA and local municipal LED units; the LEDA was found to be trying to act as an autonomous body instead of embodying common developmental objectives and consulting with the parent municipalities. The key point here is that there is an undervaluing of local municipal input when implementing the common developmental objectives.

The research recommends that Enterprise iLembe should engage in social dialogue (in its full sense) with local municipalities in order to have an effective social dialogue about the functions of both the agency and local municipalities. It is also recommended that the formalisation of

forums in the informal economy be hastened in order to tap into the economic potential that the informal economy offers.

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LIST OF ACRONYMS AND ABBREVIATIONS

ANC - African National Congress

BEE - Black Economic Empowerment

CoGTA - Co-operative Governance and Traditional Affairs

DED – Department of Economic Development

DoA - Department of Agriculture

DRD – Department of Rural Development

EU - European Union

IDP - Integrated Development Plan

ILO - International Labour Organization

LED - Local Economic Development

LEDAs – Local Economic Development Agencies

LEED - Local Economic and Employment Development

LM - Local Municipality

MFMA - Municipal Finance Management Act

MSA – Municipal Systems Act

NDA – National Development Act

NLEDF- National Local Economic Development Framework

NSNP – National Schools Nutrition Programme

SMME - Small, Medium and Micro Enterprise

TA - Tribal Authority

OECD - Organization for Economic Co-operation and Development

WPLG – White Paper on Local Government

DPSS – District Planning Support System

IGR – Inter-Governmental Relations

CHAPTER 1: INTRODUCTION

1.1 Introduction

The emphasis on the role of social dialogue in socio-economic development matters can be traced back to the world economic crisis of the 1980s (Fashoyini, 2004). More recently, it can also be argued that it can be attributed to the latest global financial meltdown. This emphasis has led to a shift away from conducting economic policies and strategies at a macro level, to conducting economic policies and strategies that are informed by all the stakeholders at the micro level. This view is supported by the definition that social dialogue is “negotiations, consultations or simply exchanges of information between representatives of government, employers and workers on issues of common interest relating to economic and social policy” (ILO, 2014:42).

The facilitation of dialogue by public, private and civil organisations in the democratic South Africa has centered on poverty and inequality under the transformation banner. This signifies the country’s transformative constitutionalism, which refers to constitutional law “which has a purpose of overcoming past discrimination and disadvantages suffered by a group of people on the basis of race, sex, color, etc. and at the same time provides equal rights and protection to all South Africans” (Pieterse, 2005:158).

The previous discriminatory policies of the apartheid regime meant that resources and opportunities were not shared equally among all South African people (Gibson, 2013; More, 2011). This resulted in massive economic inequalities which were in place when the current government, the African National Congress (ANC), took power in 1994 (Mashele and Qobo, 2014). This meant that in order for the country to realise a more equitable society, “provision to equal access to social and economic rights should be assisted by remedial measures which aimed at the people who [were] disadvantaged in the past” (Teshome, 2014:3). The remedial measures implemented included policies such as affirmative action, Black Economic Empowerment (BEE), etc.

However, in the past decade (2005-2015) the facilitation of dialogues has centered upon Local Economic Development (LED) as means of addressing socio-economic conditions and the improvement of people's lives through creating decent jobs, which are also encouraged by sustainability and a fully inclusive economy. This followed the catastrophe caused by the Washington Consensus policies, which perpetuated the widespread poverty and inequality in South Africa (Bond, 2003). The fundamental flaw of the Washington consensus is the fact that it ignored the need for redistribution in a country that was facing growing inequalities. Additionally, the failure of transformation added emphasis to the dialogue on LED as a strategy of addressing socio-economic conditions in the age of growing inequality and poverty. Hence LED is approached from a pro-poor perspective in South Africa (Nel and Rogerson, 2005).

This chapter introduces the motive behind the study and the setting of the study. It goes on to look at the background of the topic and details the significance of the study in present day South Africa. It paves the way for the chapters that follows it by introducing the main themes of the study, i.e. social dialogue, LED and development agencies.

1.2 Background

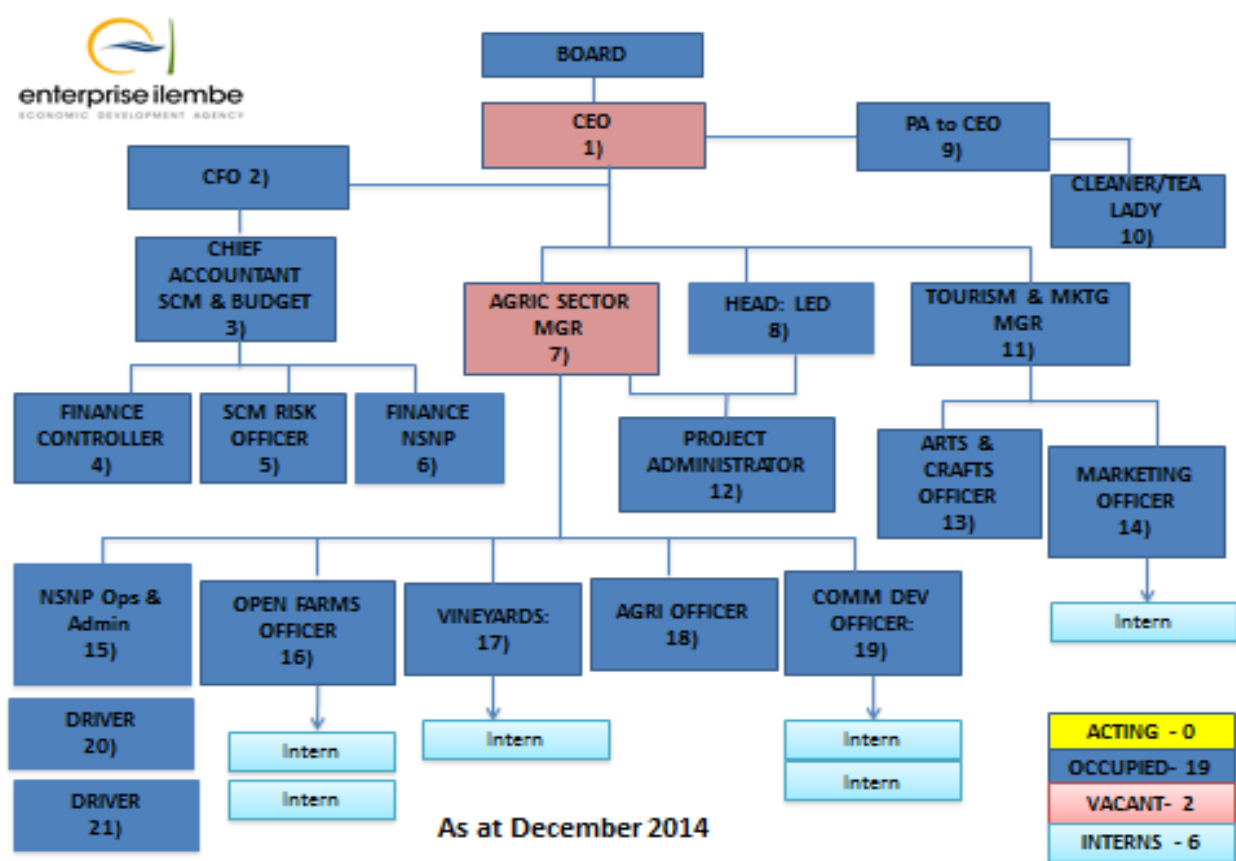
In looking for a structure that would successfully “promote economic development through social dialogue whilst being socially, institutionally and financially sustainable”, Local Economic Development Agencies (LEDAs)¹ have been identified as mechanisms of economic cooperation between different stakeholders at the local level (van Empel and Werna, 2010:486). Similarly, in South Africa, local government has been tasked with the role of leading LED matters at the local level by using development agencies as participatory mechanisms of economic development. Development agencies are municipal entities that are public-private mechanisms/tools of cooperation, with the mandate of fostering economic development and attracting investment within their territorial boundaries (ILO, 2015). In the case of the iLembe District, Enterprise iLembe is the economic development agency tasked with the promotion of economic development matters.

¹ Local in this context does not necessarily refer to municipal boundary, but to functional economic regions.

The Municipal Systems Act (No. 32 of 2000) and the Municipal Finance Management Act (No. 56 of 2003) allow the establishment of municipal bodies to head a wide range of services on behalf of the district municipality. LEDAs were thus launched as mechanisms of economic development and cooperation. The promotion of LED and investment is at the centre of LEDAs (DPLG, 2008a; DPLG, 2008b; DPLG, 2008c).

LEDAs were further established with the objective of being implementation vehicles in conjunction with the participation of local stakeholders to achieve common developmental objectives. An important point to understand is that LEDAs do not make policies or strategies, but they act as executors of those policies or strategies that are set out in the Integrated Development Plans (IDPs) of the district municipalities (DPLG, 2008a; DPLG, 2008b; DPLG, 2008c).

FIGURE 1.1: Enterprise iLembe Structure



Source: iLembe IDP (2015-2016)

In the case of South African LEDAs, the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA) allow for the establishment of LEDAs as a municipal entity that is external to the municipality (DPLG, 2008A). LEDAs that are formed as municipal entities are informed by Section 86B of the Municipal Systems Act, which provides for three different types of municipal entities:

- A private company, which includes a process of integration in terms of the Companies Act 61 of 1973.
- A service mechanism founded by the use of a by-law.
- A multi-jurisdictional consisting of written agreements between two or more municipalities.

That Enterprise iLembe is an economic development mechanism of cooperation is further attested to by the agency's philosophy. Enterprise iLembe's website states that:

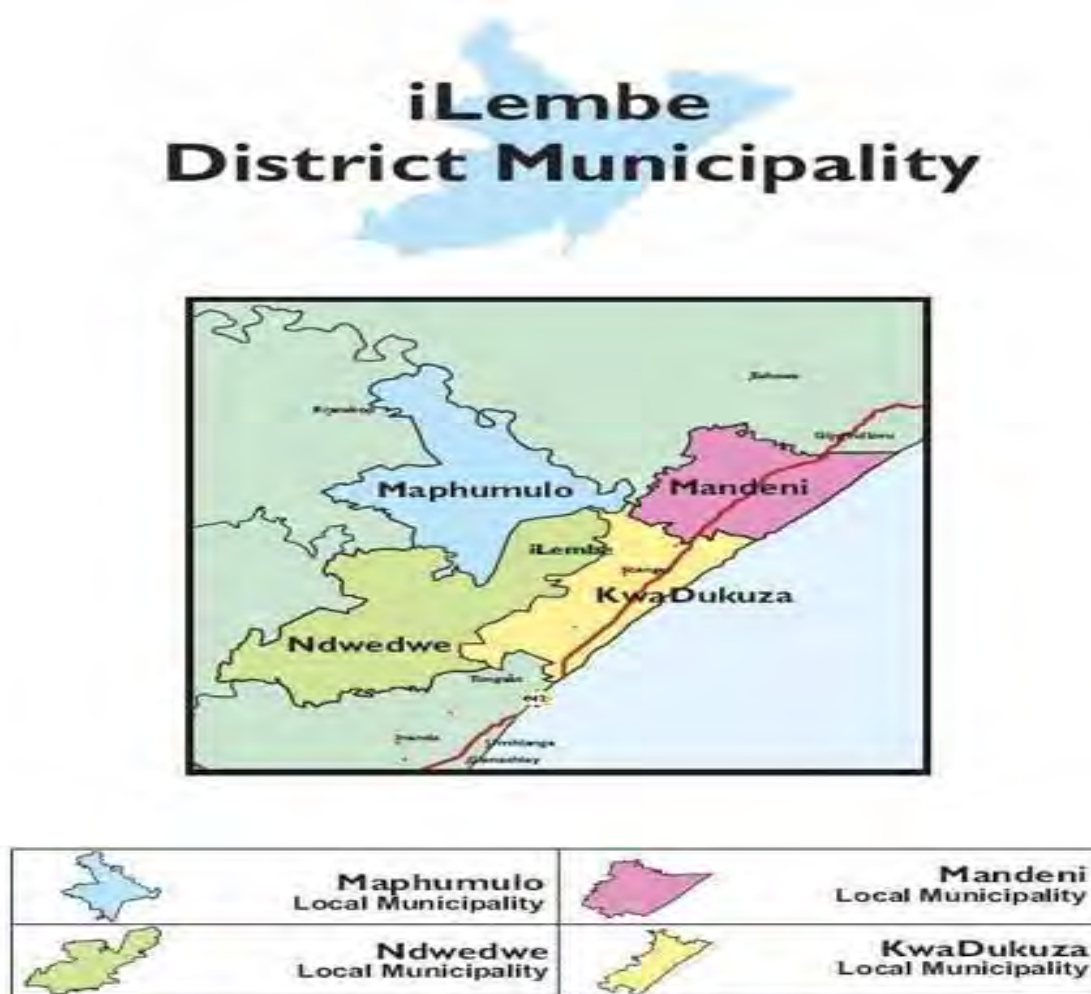
"The philosophy that drives Enterprise iLembe is built on promoting a participatory process where local people from all sectors work together to stimulate local commercial activity, resulting in a resilient and sustainable economy. It is a tool that will help create decent jobs and improve the quality of life for everyone, including the poor and marginalized" (Enterprise iLembe, 2015).

More than anything, this supports the proposition that Enterprise iLembe, as a development agency, has the role of carrying out social dialogue about LED matters. The participatory process that Enterprise iLembe has as its philosophy is one of the many ways in which it seeks to create sustainable, inclusive economic growth. The participatory approach can include responsibilities such as creating public forums about LED matters, forming partnerships with cooperatives and engaging with all the relevant stakeholders in the name of LED.

It has to be also noted that the philosophy of Enterprise iLembe is in line with the International Labour Organization's (ILO) (2015) definition of LED from a social dialogue perspective. The essence is that the local people have to position themselves to play a decisive role in economic development matters, which can be reinforced by the creation of a dialogue on LED matters.

Thus, this is what is entailed by the promotion of a participatory process, which this research will view in light of trying to understand the role of social dialogue in LED.

FIGURE 1.2: iLembe District Map



Source: iLembe IDP (2015-2016)

As seen in Figure 1.2, iLembe District Municipality (DC29) “lies on the east coast of KwaZulu-Natal, between eThekweni Metro in the south and uThungulu District in the North. To the West, iLembe is bordered by two Districts; UMgungundlovu and uMzinyathi. At 3 260km², this is the smallest of the 10 KZN District Municipalities with a total population of approximately 606,809 (Statics SA 2011). ILembe District is constituted by four Local Municipalities; Mandeni, KwaDukuza, Ndwedwe and Maphumulo” (iLembe IDP, 2015:15). There is a possibility that

these statistics have grown significantly in the past four years, as the last census was done in 2011.

According to iLembe's IDP (2015:15), "the District is made up of 45 Traditional Authority (TA) areas where settlement is controlled by Traditional Authorities according to a traditional land tenure system. These TA areas cover approximately 63% of the total area where the State and the Ingonyama Trust own the majority of the land within the Municipality of Maphumulo, the lower reaches of Ndwedwe (69%) and coastal and inland reaches of Mandeni (49%)". The fact that more than 60% of the land in the iLembe District is under traditional authorities means that these authorities should be an integral part of the stakeholder group that drives economic development in the region.

1.3 Problem Statement

The recent economic crisis caused an upsurge in the emphasis on LED, which subsequently led to "the return of social pacts in the context of the current economic crisis... [which requires] the revival of the discussion about the development of social dialogue practice in its specific context" (Rohlfer, 2011:46). South Africa is not an exception to this trend. This observation is supported by "The Framework for South Africa's Response to the International Economic Crisis, which was adopted by the social partners at the National Economic Development and Labour Council on 19 February 2009, [which] recognizes that the economic conditions South Africa faces as a result of the international economic crisis require an effective collective response" (EDD, 2015:3).

The fact that the framework that South Africa uses as a response to the world economic crisis is only limited to the national level is problematic, as it fails to recognise the need to institutionalise social dialogue at the local level. Van Empel and Werna (2010:1) pointed out that "literature and concrete activities related to national social dialogue abound. Much less is available in regard to local social dialogue". For such reasons, a participatory approach between all relevant local stakeholders has been barred due to the lack of an inclusive participatory approach. This is contradictory to LEDAs, as they are formed on the basis of social dialogue with the aim of

mobilising different stakeholders for effective collective response to socio-economic conditions at the local level.

The ANC made promises pertaining to economic development - specifically to the fact that the idea of a development state has been viewed as a system where the state essentially fulfils all the nation's roles, which has resulted in a dependency complex on the part of the citizens (Mashele and Qobo, 2014). Hence the re-emergence of LED requires a different approach to understanding the idea of a development state; it requires the understanding that local economic development can fully reach its potential if the mechanisms of economic development work hand in hand with communities to unlock the economic potential of local economies. This is because “effective and sustainable local economic development has been associated with the emergence of strong local partners and local community” (ECEDEA, 2013:4).

The main objective of LEDAs is to enhance/promote the economy of their particular regions. This cannot be done in isolation from the people of that particular territory, for reasons such as access to information, resources etc. Hence the stages of a successful dialogue (information sharing, consultation etc.) can be incorporated to enhance the efficiency of the local LED institutions and to better stakeholder relations. This is especially so for iLembe District, as it has the poorest of communities in places like Ndwedwe and Maphumulo, and the richest in places such as Ballito and Zinkwazi (iLembe IDP, 2015). This means that, more than ever, there is an acute need for a dialogue on LED matters to assess how this can be used as a tool for stimulating economic growth, and at the same time create an all-inclusive economy.

The fact that iLembe District is located between major economic hubs (Richards Bay and eThekweni) and that it is located along the coast means that there are plenty of economic opportunities that the district has to tap into (iLembe IDP, 2015). However, iLembe still faces some major economic challenges that the whole country is facing, including enormous poverty in the rural areas as compared to the urban areas. This has been identified as a constraint to the rapid development that the region wishes to embark on (iLembe IDP, 2015). As a result, iLembe Municipality takes pride in being “proactive in developing Enterprise iLembe, a broad based

institution aimed at facilitating local economic development in response to its challenges of high rates of unemployment and correspondingly high levels of poverty” (iLembe IDP, 2015:13).

The development agency was formed with the aim of trying to establish inclusive economic development to meet the national key points of eradicating poverty and creating decent jobs. The national outcomes that iLembe hopes to fulfil are:

- The creation of decent jobs through inclusive economic growth.
- The development of highly skilled individuals to stimulate economic development and growth.
- The development of quality economic infrastructure to increase competitiveness.
- The development of effective and sustainable food security.
- The improvement of human settlement and socio-economic conditions
- The creation of an effective, vibrant, responsive and accountable local government system (iLembe IDP, 2015).

All of the above-mentioned national outcomes that iLembe District hopes to meet are also the very same principles that are driven by social dialogue under the ILO. The essence of social dialogue at the local level is the creation of decent jobs that will result in the improvement of people’s socio-economic conditions (ILO, 2015). This is to say that the outcomes that the district has set out to meet can be fast tracked through the use of social dialogue in addressing economic development matters, and by using the development agency as a mechanism of economic cooperation between the public and private institutions.

Addressing all of these issues (poverty, inequality etc.) can lead to greater social cohesion and inclusive economic growth. ILembe sees social cohesion as:

“The degree of social integration and inclusion in communities and society at large, and the extent to which mutual solidarity finds expression among individuals and communities. In terms of this definition, a community or society is cohesive to the extent that the inequalities, exclusions and disparities based on ethnicity, gender, class, nationality, age, disability or any other distinctions which engender divisions distrust and conflict are reduced and/or eliminated in a planned and sustained manner. This, with

community members and citizens as active participants, working together for the attainment of shared goals, designed and agreed upon to improve the living conditions for all” (iLembe IDP, 2015:104).

Creating such social cohesion needs social dialogue to bring together all social partners, with the aim of sharing information and addressing the crisis at hand. In this case, the barrier to social cohesion can be said to be increasing poverty and inequality, which result in a destitute society. Hence, the reduction of barriers such as inequality through inclusive economic development and eliminating structural exclusions can foster greater social cohesion and economic stability.

1.4 Significance of the Study

This research is significant in that it took the trajectory of identifying LEDAs as custodians of social dialogue at the local level. There is also some emerging literature which emphasises that LEDAs are institutions or structures of common developmental objectives at the local level (ILO, 2015; van Empel and Werna, 2010; van Empel, 2006; 2008; Ratnam and Tomoda, 2005). For these reasons, there is a need to assess if LEDAs in South Africa recognise their role from a social dialogue perspective, despite the limited literature on social dialogue at the local level.

This research is also important in that it seeks to study the role of social dialogue in LED matters in the face of growing inequalities. The researcher is of the view that a dialogue on economic development matters should not only be limited to the national level, but has to be encouraged at the local level as well. This further emphasises the point that economic crises can be tackled from a bottom up approach as a decentralising and empowering mechanism. It is for the above reasons that Enterprise iLembe, as the best and most functional LEDA in South Africa (Enterprise iLembe, 2015), was identified as the case study for this research. The fact that iLembe District sees Enterprise iLembe as a vehicle to achieve common developmental objectives further made the LEDA a justifiable case study (Enterprise iLembe, 2015)

This topic was also chosen due to the nature of South Africa as a society that is battling with alienation between the people and the institutions that are set to advance socio-economic conditions (Gibson, 2013). This is seen in the escalating social protests (mostly regarding service

delivery) all over the country. This “means that those who could be affected by a decision, have to be involved in its creation and implementation” (Obradovic, 2006:262). In this context, social dialogue fits the picture as it deals with the engagement between the enterprises/development agencies and all their social partners.

This study is important in that not only does it explore the role of social dialogue in LED matters, but it also seeks to emphasise the use of social dialogue at the local level. The research is also significant in that it explores various ways in which social dialogue can increase the level of cooperation or partnership between the public, private at the local level. In short, it looks at what stands to be achieved in LED with participation from all social partners, especially through private-public partnerships. It is also the case that thorough focus should be placed on those people who are most subjected to lack of information and access to resources (the underprivileged).

This research identified stakeholders as everyone that is directly and indirectly affected by economic development within the iLembe district. This means that all communities, organisations, state institutions and the chamber of commerce etc. form part of the stakeholder group. Stakeholders have a duty to play a meaningful role in the economic development of iLembe. This can be done in two ways - as job creators and as joint-implementers of catalytic projects that are aimed at economic development (ILO, 2015; van Empel and Werna, 2010).

For prosperous economic development there has to be participation from all stakeholders. By participation, it is meant “the all-various ways in which human beings participate together in collective activity such as in groups, communities and other social amalgams – face to face and/or mediated by technologies” (Bell and Morse, 2012:4). The activity of participating face to face can be treated in the same way as a dialogue between all groups and communities, and in the case of this research, that dialogue is about local economic development matters.

1.5 Aim and Objectives

The aim of this research was to examine the level of cooperation between Enterprise iLembe (as an economic development agency) and the various stakeholders of iLembe District. This was done through a critical examination of how cooperation or partnerships are formed between the public, private institutions and communities, with the specific aim of organising the local people to enhance local economic development.

This research takes Enterprise iLembe, as a development agency, as the key player in leading a social dialogue about economic development with all the stakeholders in the greater iLembe district. In this context, Enterprise iLembe can be argued to be the main driver of economic activities in the iLembe District. The essence of this “is the conundrum of realising and benefiting from human participation in all manner of social enterprises” (Bell and Morse, 2012:4). In short, Enterprise iLembe is the custodian of social dialogue in iLembe district.

This research also aims to add to the existing literature on social dialogue about economic development matters at the local level, how these can be best understood in the context of South Africa, and the role of social dialogue in a development state. Moreover, the research objectives are to:

- Explore the role of social dialogue in local economic development in iLembe.
- Examine how partnerships are formed between stakeholders and Enterprise iLembe to facilitate social dialogue.
- Identify barriers that inhibit social dialogue between Enterprise iLembe and their stakeholders.
- Identify strategies to increase the level of cooperation between Enterprise iLembe and their stakeholders.

1.6 Research Questions

This research identified development agencies as custodians of social dialogue at the local level. LEDAs have the duty of driving the integration of all local stakeholders in the name of creating

effective linkages for LED. The following research questions were asked in order to reach the main objectives of this research:

- What is the role of social dialogue in local economic development in iLembe?
- How are partnerships formed between stakeholders and Enterprise iLembe to facilitate social dialogue?
- What are the barriers that inhibit social dialogue between Enterprise iLembe and their stakeholders?
- What strategies can be identified to increase the level of cooperation between Enterprise iLembe and its stakeholders?

This research went to great length to explore ways in which social dialogue can help increase the level of cooperation between public and private institutions. In a nutshell, it will highlight ways in which social dialogue can contribute to public participation, especially in reaching the people who are lack to information. This will specifically revolve around information sharing and consultation with the community of iLembe district.

1.7 Limitations of the Study

The one setback that the researcher experienced was the lack of literature on social dialogue at the local level, both in South Africa and internationally. In fact, the literature on social dialogue in South Africa mostly looks at the transition period to democracy, and not at the use of social dialogue in promoting LED. This limited the researcher in terms of comparing his results with other research that had been conducted previously, thus there is an emphasis on the work of van Empel (2008), van Empel and Werna (2010) and Ratnam and Tomoda (2005). The researcher also had to use case studies drawn from Ghana and Nepal in order to show the effectiveness of social dialogue in LED matters. However the researcher welcomed the challenge of having to go an extra mile to show the linkages between social dialogue, LED and LEDAs.

1.8 Research Methodology

This research utilised a qualitative research approach. Semi-structured interviews were conducted with officials in LED. In the cases where the participants were not available for a face

to face interview, the researcher emailed the questions and the participants responded to those. The interviews were recorded and transcribed by the researcher, after which the results were broken down and presented into different themes. Two main strategies were used to validate the information acquired, i.e. triangulation and member checking.

1.9 Chapter Outline

The following is an outline of the chapters of this research.

1.9.1 Chapter 1

This chapter introduced the research study and stipulated what the researcher hoped to achieve from conducting this research. It looked at the problem statement, specifically focusing on what caused the recent upsurge in the emphasis of social dialogue in LED matters. It went on to state the main aims and objectives of the study. It also gave a brief background of Enterprise iLembe and iLembe district and looked at some of the limitations that the researcher experienced while conducting the study.

1.9.2 Chapter 2

This chapter introduces the literature of social dialogue at a national level and how such dialogue has always been used by nations that are facing socio-economic crises. It goes on to conflate social dialogue with participatory governance because of the similarities that emerged from the two. It further uses the case studies of South Africa and South Korea to show the significance of social dialogue in addressing socio-economic problems, and lastly examines at the stages of social dialogue.

1.9.3 Chapter 3

This chapter goes into a detailed account of LED in the world as well as South Africa, and analyses the trends within LED and the debates in the literature. The literature review also looks at the emergence of development agencies globally and the roles and functions that development agencies are supposed to carry out. It then examines development agencies from a social dialogue perspective.

1.9.4 Chapter 4

The previous two chapters were a build up to this chapter, which integrates social dialogue with LED matters and is a theoretical framework of the research. It uses the case studies of Ghana and Nepal to show the benefits of using social dialogue in conducting LED matters and looks at the most important players in social dialogue at a local level. The chapter also presents an argument for the institutionalisation of social dialogue at the local level.

1.9.5 Chapter 5

This chapter presents an overview of the research methods and techniques that were utilised in conducting this research. It further examines the importance of research methods and methodology in conducting a qualitative study. This chapter guided what the researcher did in order to obtain all the data that he needed and how he analysed it. Finally, the chapter details the main differences between a qualitative and quantitative study, and lists all the interviewed officials and their positions.

1.9.6 Chapter 6

This chapter presents the findings of the study from the data collection process. It first categorises the results in terms of the research questions and objectives that the researcher had prior to conducting the study, and then presents the findings in a manner that aligns them to the research objectives.

1.9.7 Chapter 7

This chapter discusses the findings and examines the themes that emerged from the study. It integrates the discussion with the literature on social dialogue and the theory of participatory governance, before comparing the findings and discussions with what other researchers have previously written the use of social dialogue in LED matters.

1.9.8 Chapter 8

This last chapter presents the conclusion and recommendations. The recommendations are centered on the idea of creating an enabling environment for social dialogue and officials

familiarising themselves with successful cases of social dialogue from other countries. This chapter also looks as to what further research can be conducted in the field of social dialogue on LED matters.

1.10 Conclusion

This research was informed by the success stories of nations that were battling with socio-economic crises, which included ever-increasing inequalities. It is hoped that the results of this research will contribute to the improvement of the lives of impoverished communities through a participatory approach. Enterprise ILembe is one of the best performing development agencies in the country and can play a key role in showing how social dialogue can increase the level of cooperation among all stakeholders (Enterprise iLembe, 2015). The researcher is of the view that the disparities in iLembe district can be tackled through social dialogue as a mechanism of efficient and effective economic development.

The following chapter introduces the literature on social dialogue at the national level, as well as the various ways of interpreting social dialogue. It further examines case studies on social dialogue and looks at the different stages of social dialogue.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter addresses the literature on social dialogue, drawing from the ILO and the European Union (EU), in order to give a brief history of social dialogue and how it has been practiced with the aim of fostering a working relationship between multiple stakeholders. The case studies of South Africa and South Korea will also be looked into. The definition of social dialogue will be thoroughly probed in order to bring about a deeper understanding of the concept. Literature on participatory governance will also be examined in order to show the linkages that exist with social dialogue. The case studies of social dialogue in South Africa during the transition period and early years of democracy will be highlighted to show how social dialogue takes place as a tripartite process. Another case study that will be used is the case of South Korea and how the country used social dialogue to address its economic crisis in the midst of the Asian economic crisis (1997-1998). This study will also assess the literature on partnerships and how it integrates with social dialogue.

After addressing the literature on social dialogue, the aim will be to show how the stages of social dialogue (information exchange, consultation, negotiation, joint decision-making and joint problem-solving) are effective methods of conducting a social dialogue. The analysis will show that the two case study countries (South Africa and South Korea) used social dialogue as means of addressing the socio-political and economic crisis they were facing. The literature on these two case studies was gathered from a Nordic Report on the success stories of social dialogue in addressing socio-economic conditions. The literature in this chapter focuses on the use of social dialogue at a national level (social dialogue at a local level will be covered in chapter four because it is a fairly new and thus needs a proper background).

2.2 Social Dialogue and Participatory Governance

The world has entered the epoch of social dialogue, as can be seen by the fact that over the past years, communities, municipalities and governments all over the world have looked to social dialogue strategies amidst challenges posed by globalisation and financial meltdowns (ILO,

2015). The democratisation process in South Africa meant that civil society emerged as the next key player in national policy dialogues, which also drove the “participation of non-state actors and demand-driven, bottom-up approaches became central in development programmes” (van Empel, 2008:180). This is why the ILO has commended the role of a social dialogue in addressing economic development matters (ILO, 2014). In many instances, the governments were the main players in facilitating social dialogue matters with all relevant stakeholders.

Assessing social dialogue or merely trying to define what social dialogue is might not make sense unless one looks at what truly constitutes a social dialogue. For the purpose of this research, the term ‘social dialogue’ will be shown to revolve around the notion of participatory governance, where the government, civil society and the private sector have an important role in determining the state’s social and economic success. According to Schmitter (2002:56), participatory governance is vested in the notion that cooperation and consultation of all constituencies is vital in decision-making, especially when it comes to the adoption of policies. This definition was further advanced by Obradovic (2006), who argued that participatory governance is made up of participation from all stakeholders in decision-making and implementation. Participatory governance comes in the midst of a crisis that follows structural adjustments. This leads to the lesson that successful reforms can only come about if they are deliberated and implemented with the inclusion of and consultation with all relevant stakeholders that might be affected by the decisions taken (Ratnam and Tomoda, 2005).

The concept of participatory governance seems to be the right step to take when trying to open up the field for social dialogue. There are two principles that one has to look at in order to make sense of participatory governance and how it features across the realm government activities. These, according to Obradovic (2006), are: a) the organisations are mandated to bequeath citizens and representative bodies the platform to exchange information and their views in all relevant aspects of collective action; and b) the organisations must be transparent and open, and form a dialogue with civil organisations and representative bodies at all times. This correlates with Ratnam and Tomoda’s (2005) view that a fruitful social dialogue is reinforced by freedom of expression, effective information sharing and exchange, and the willingness of all stakeholders to partake in socio-economic development matters.

This is the sense in which the concept of social dialogue will be viewed in this research, as not only is it a strategy that fosters participation through a dialogue, but it can also be read from a theoretical perspective of participatory governance. Therefore one has to conflate social dialogue with participatory governance as both rest on the very notion of the participation of all social partners. This participation is in the name of socio-economic development and creating strong linkages between the public, private and civil organisations.

2.2.1 Defining Social Dialogue

The ILO (2015) defined social dialogue as a mechanism that comprises the participation of all stakeholders through negotiation, consultation and information sharing, with the view of improving the socio-economic conditions of people. This might be done through influencing social or economic strategies, for example, a dialogue can be meaningful in integrating the kind of economic or human resources that the well developed areas have at their expense, with those of the underprivileged areas. This is especially the case in South Africa, which leads the world as the most unequal society (Gibson, 2013). This, on its own, shows that there has to be a strong focus on how people and their resources must be connected in the name of inclusive economic development.

The Department of Economic Development (DED) recently came up with the National Social Dialogue as a response to the hostile economic conditions that the rest of the world has been facing:

“The Framework for South Africa’s Response to the International Economic Crisis, which was adopted by the social partners at NEDLAC on 19 February 2009, recognizes that the economic conditions South Africa faces as a result of the international economic crisis require an effective collective response. With this in mind, the Framework Agreement commits the social partners collectively to implementing a wide range of measures, including investment in public infrastructure, a macro-economic policy response, and industrial and trade, employment and social measures” (EDD, 2015:3).

Some of the responsive principles of this framework include:

- a) The minimisation of the risk of poor people paying the price for an economic meltdown. The vulnerability of poor people is already felt in South Africa with the ever-growing increase in inequality and poverty, thus measures must be taken to make an economic crisis less impactful in poor communities.
- b) The country must design activities that will create a conducive environment to strengthen the ailing economy and lead to the creation of decent and sustainable jobs.
- c) The improvement of the public infrastructure through investment must be sustainable and the efficiency of the private sector must be sustained, strengthened and increased in terms of corporate social investment (CSI) activities.
- d) Intermediations or reforms that are designed must be implemented in an appropriate manner (EDD, 2015).

In summary, the underlying idea is to direct government's strategic plans and input to help create a social dialogue on socio-economic matters and the creation of sustainable jobs for the people (EDD, 2009). As already mentioned, the most essential aspect of this type of social dialogue is to bring to the table those who are most likely to be on the receiving end of decisions taken.

Elsewhere, Bridgford and Carls (2012:20) argued that the National Social Dialogue can allow social partners to partake in the dialogue in three ways:

“First, social partners can participate in the process of policy formulation, for example by giving advice and being consulted on government's draft legislation or by publishing bipartite joint positions and declarations of intent. Second, they can take part in decision making, be it with regard to government policies or through the preparation of autonomous bipartite agreements and collective bargaining. Third, social partners can have a role in administering and supervising the implementation of established agreements and legislation, as for example in the case of the French, German and Italian social partners' joint management of social security scheme.”

These three ways are essential in that they strengthen relationships and collaboration by giving power to all constituencies. The act of policy formulation requires a consultative process where all social partners and civil society are included. Decision-making then follows as inputs of

social partners have to be taken into consideration. The last step is vital in creating accountable institutions as the authorities have to act according to legislation.

Another way to define social dialogue is to view it in the same light as the ILO, which does not view social dialogue in isolation from everyone that is affected by policies of economic development. According to the ILO, social dialogue has to:

“include all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. It can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers’ associations), with or without indirect government involvement. Social dialogue processes can be informal or institutionalised, and often it is a combination of the two. It can take place at the national, regional or at enterprise level. It can be inter-professional, sectoral or a combination of these” (ILO, 2015).

At the heart of social dialogue is the active participation of all social partners, whether formal or informal, as equated with participatory governance. For this reason it is important to look back on socio-economic issues from a social dialogue perspective in order to coordinate the work between the government and civil organisations, especially on national key sectors (Nordic, 2011). More than anything, this translates to the active role of community organisations, and in particular their contribution to sustainable development.

As with any other entity, to exist there have to be preconditions for it to materialise and be a success. According to the *Social Dialogue Manual*:

“Since social dialogue institutions are a natural habitat for social partners, in order for them to function properly the first preconditions are democratic foundations and enabling legislation for social dialogue. Strong and representative workers’ and employers’ organisations must exist to participate as actors in the dialogue process. Moreover, there needs to be some shared interest and willingness from all sides involved to engage in such a cooperative and constructive dialogue” (Bridgford and Carls, 2012:12).

The one key factor that will be a constant feature in this study is participation, which is a sufficient necessity for the existence of a social dialogue to take place. Another necessary

precondition is a democratic foundation, which enables the free movement or engagement of all participants in a particular dialogue. For example, apartheid South Africa was unable to have social dialogue because of the oppressive regime. This will be discussed further in the case of South Africa and social dialogue.

2.3 Social Dialogue in post-apartheid South Africa

Social dialogue in South Africa, under the Economic Development Department, is founded on the basis of creating an economically empowered society. This is supposed to be done through the:

“...coordinat[ion of] government’s policy input and contributions to social dialogue on economic development matters and consult with the relevant departments; and to negotiate national economic development and decent work pacts, which will involve consultation and negotiation with the social partners” (EED, 2015:1).

The purpose of social dialogue in the context of South Africa is in line with the ambitions of the ILO, as it seeks to engage all the relevant social partners in economic development matters. This partnership has been driven by NEDLAC, with an emphasis on economic development that is conscious of labour issues.

NEDLAC (2015) emphasised that all social partners have a greater role to play in the development of efficient and effective strategies to enhance much needed economic growth, broader participation in economic decision-making, and social equity in South Africa. At the national level, social dialogue is also fundamental to the implementation of viable and inclusive social and economic policies that generate decent work for all people. This understanding of social dialogue is similar to the ILO’s (2015) conception of social dialogue at a national level.

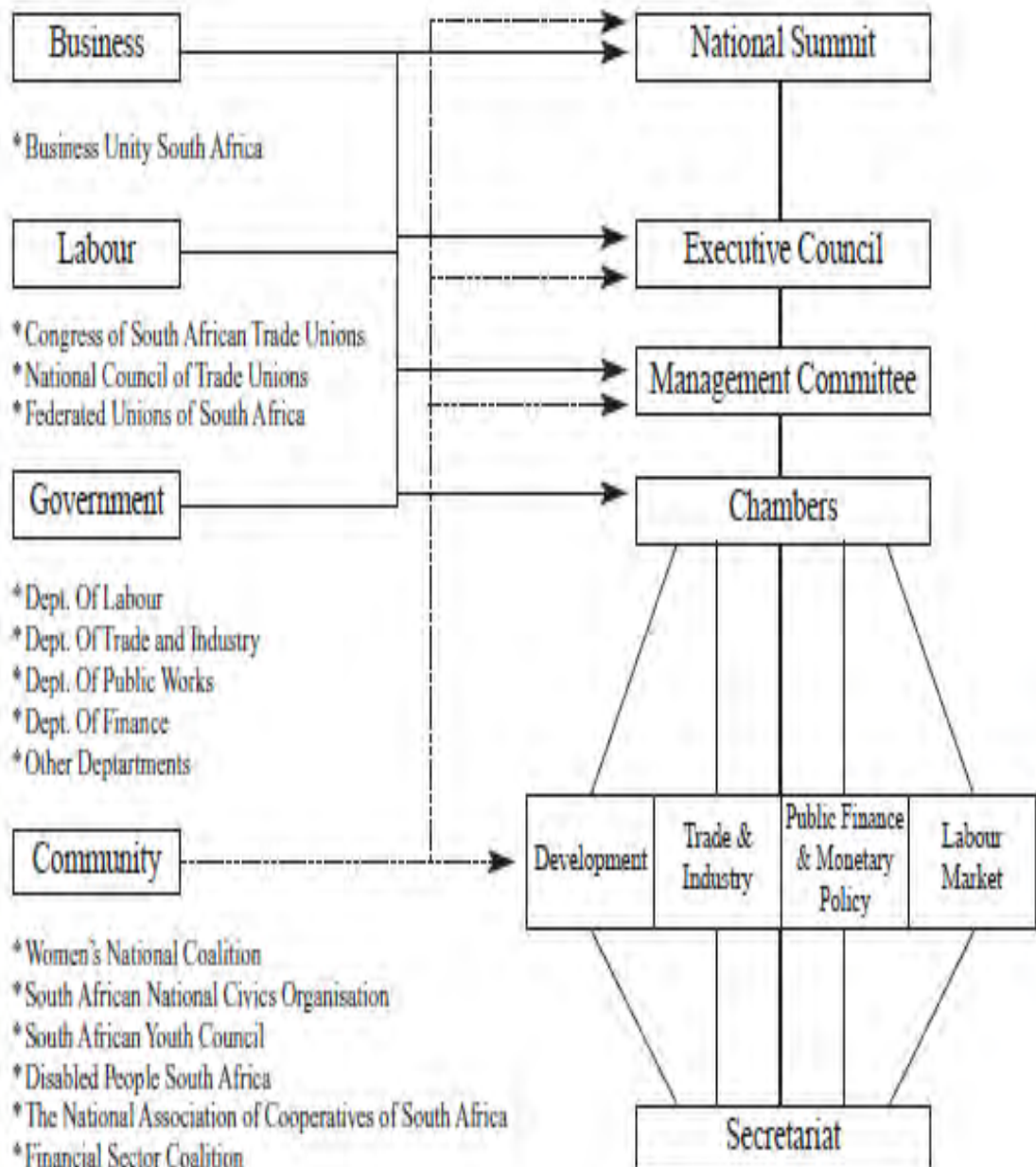
The diagram depicted below, in Figure 2.1 illustrates all the different social partners at a national level. As illustrated, the business community engages through the National Summit which is steered/facilitated by NEDLAC. The labour unions are also incorporated through COSATU, NCTU and FUSA in order to create a common vision between the businesses and workers. The

government, through the departments mentioned in the diagram, play a major role in incorporating the needs of various actors. Communities are represented through various organizations and departments, such as the South African National Civics Organization and the National Association of Cooperatives of South Africa. However, the facilitation is done by various national departments such as the Department of Trade and Industry, working together with labour markets.

Away from the national level, the Department of Economic Development is responsible for the facilitation of development opportunities with the business, communities and local government. It is through all these actors that a national social dialogue takes place and strategies are developed. The main aim of the social dialogue strategies is to address the economic crisis through a participatory process that is cognizant of the effects that the economic crises have on the masses mired in poverty. As depicted in Figure 2.1, the chambers, (especially chambers of commerce) have emerged as key players in development at the local level. This is in conjunction with the expertise that the chambers have in areas such as economic intelligence and labour demands.

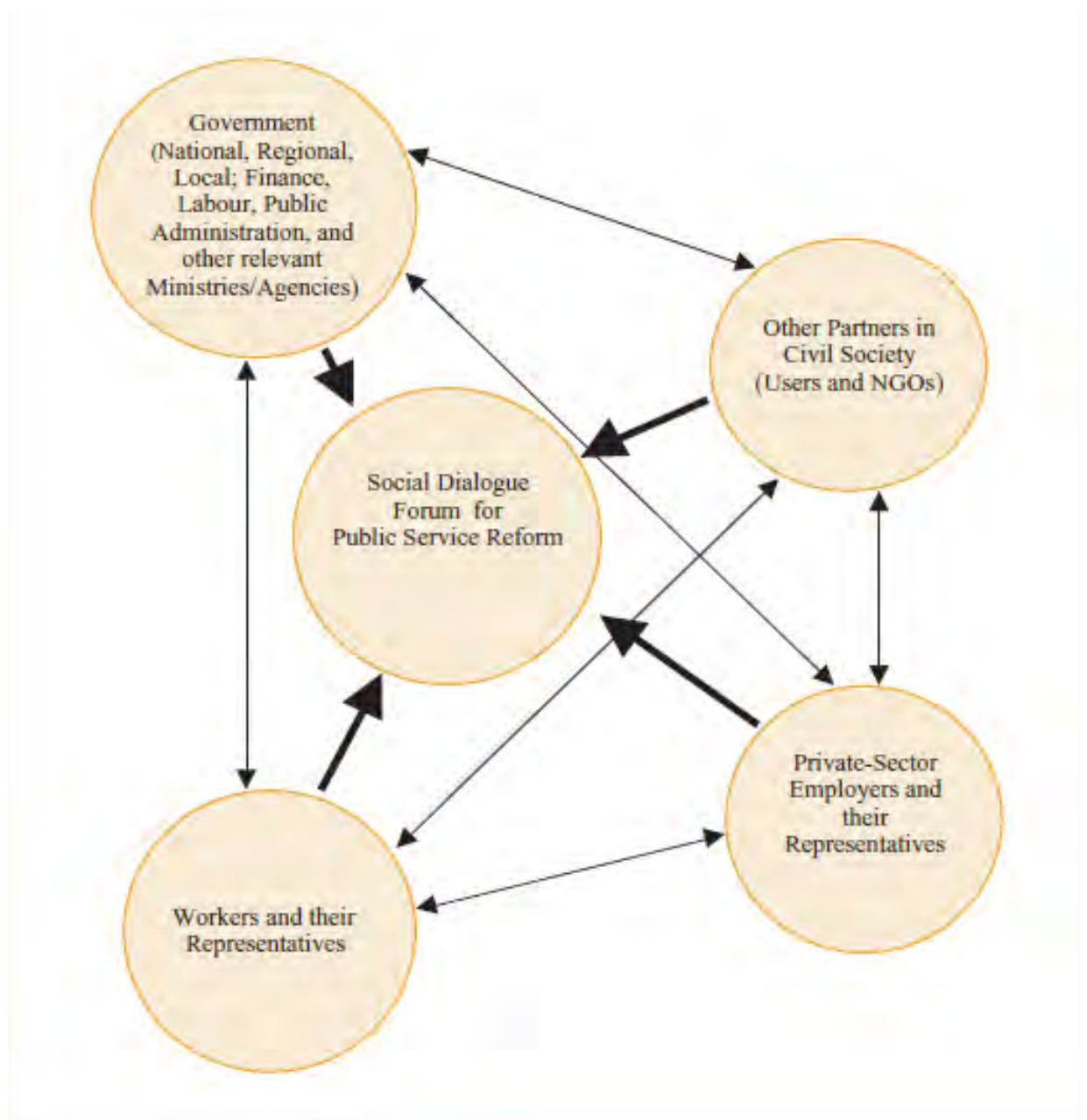
FIGURE 2.1: Social Dialogue Constituents/Partners in South Africa

Constituencies



Source: Ratnam and Tomoda (2005:7)

FIGURE 2.2: Actors in Social Dialogue



Source: Ratnam and Tomoda (2005:5)

Figure 2.2 is an illustration of the interaction between social partners or social dialogue actors in South Africa.

According to a report by the Nordic Institute, South Africa, having had a bitter past of racial division and divided institutions, would find it hard to start a social dialogue under such conditions (Nordic Institute, 2011). It is thus no surprise that the emergence of social dialogue in South Africa can only be tracked back to the post-apartheid era. As observed in the report, social dialogue is a new phenomenon in South Africa, due to its unstable past and the authoritarian political regime it lived under. As of 1994, “South Africa has been able to establish a workable system of social dialogue in order to regulate working life and welfare. It is difficult to say whether social dialogue has contributed to stable economic progress and government, or whether economic growth in itself has fostered the social dialogue process. It is probably a bit of both” (Nordic, 2011:13). However, the recent financial meltdown prompted the development of another social dialogue strategy (EDD, 2015).

There is a dilemma as to whether social dialogue is a result of stable economic growth or economic growth is due to social dialogue. In this case, it is argued that the latter seems to be the most likely, because a social dialogue creates an enabling environment for economic growth. However, it has to be noted that if there is sufficient economic growth, a social dialogue might emerge on how to best ensure that the economic growth is sustainable. There is also a third factor that might have to be considered; as South Africa had a hostile environment amid the transition to democracy, this might have forced the emergence of a social dialogue as a response to the economic crisis the country was facing. This would go on to support the proposition that economic growth is underpinned by social dialogues between all social and economic actors as seen in Figure 2.2.

The Nordic report also pointed out that social dialogue in South Africa “is interpreted to be the successful tripartite co-operation between powerful trade unions, powerful employers’ organisations, representing the wealthy mining sector and a powerful government. In fact the system in South Africa has been described as “tripartism plus” as it also involved a fourth party i.e. community organisations representing the poor” (Nordic, 2011:13). The success of the constituencies (business, government, labour unions and community) aligned in figure 2.1 was seen in the recent global economic meltdown. South Africa was severely affected by the economic crisis and saw its economy fail to reach 2% in 2009. The country had enjoyed a stable

economy in the prior five years of 3 to 5.6% (Baccaro and Heeb, 2011). The formation of NEDLAC in 1994 meant that all public policies that had immediate impact on people's socio-economic conditions were consulted with all stakeholders in figure 2.1 and 2.1 (Keller and Nkadameng, 2005; Papadakis, 2006).

One can argue about the success of the tripartite social dialogue in dismantling the apartheid system. This, on its own, paints the picture that social dialogues are often the very factor that unlocks potential for economic growth. The case in hand shows how the tripartite alliance made it possible for South Africa to emerge out of the old anarchic order of the recent global financial meltdown. "The South African case exemplifies the LCSF configuration. It illustrates that strong and durable social dialogue is possible even outside of the European continent if appropriate institutions are in place and the unions are strong and representative enough to make them meaningful" (Baccaro and Heeb, 2011:17).

2.3.1 Social Dialogue in South Korea

The case study of social dialogue through the tripartite alliance in South Africa can be seen as probably the most successful case study of dialogue in the African continent. The other country that one can look at in mapping the successful cases of social dialogue is South Korea. It is understood that after the Asian Financial Crisis (1997-1998), the people of South Korea used social dialogue to overcome their economic crisis (Nordic, 2011). The mere fact that people are able to use such a method in the midst of an economic crisis speaks volumes, and is an encouragement for the adoption of the social dialogue method. The success of this can be noted in that South Korea has emerged as one of the top 20 economies of the world. The growth it has gone through has resulted in it being a member of the G20 and the Organization for Economic Cooperation and Development (OECD) (Nordic, 2011). This shows that the country has a good story to tell and makes a useful case study.

The role of a tripartite alliance is as important for South Africa as it is for South Korea. It has been reported that South Korea and Singapore are the only states in Asia where social dialogue on economic development matters are used. The role of a tripartite alliance is significant as it

influences the dialogue at a national level, which steers the direction of the nation's economy. It is no surprise that the use of social dialogue in South Korea emerged out of democratic principles and the Asian Financial Crisis of 1997-1998. The Nordic report also held that "The tripartite effort to turn the economy round in 1998 is held up as a great example of the success of social dialogue in South Korea by the World Bank, IMF and others" (Nordic, 2011:19).

The turnaround strategy of South Korea can be read in the following way. The "government's reaction was to try to stimulate dialogue between employers and employees and early in 1998 the Korea Tripartite Commission (KTP) was established. The first tripartite agreement came in February 1998. It was a very wide-ranging social pact" (Nordic, 2011:20). It is easy to see that South Korea is a reliable case study and a blueprint for other nations that wish to start social dialogues, despite some of the negative factors about the country. However, it should also be kept in mind that each and every country has its own unique history and problems.

2.4 The Benefits of Social Dialogue

Mapping out the merits of social dialogue cannot be easy without any particular cases to refer to, especially in the context of local economic development. Fashoyini (2004) argued that sustainable development is achieved when all the relevant stakeholders play a pivotal role in problem solving and making decisive decisions, and the actual process of implementing resolutions that are taken is relatively easier if there is participatory governance. It is in this regard that social dialogue seems to have the most positive ideas when it comes to fostering the kind of environment that is conducive for local economic development. Extensive coverage of this will be done in the next chapter, focusing on social dialogue at the local level and how to best deal with people at the bottom of the economic ladder.

Another argument put forward by Fashoyini (2004) is the effectiveness of institutions that have a vibrant social dialogue. He argued that:

"social dialogue, by which government, employers and workers jointly participate in economic and social policy formulation and implementation promotes labour force, social stability and good governance which are essential for an increase in productivity, growth and sustainable development" (Fashoyini, 2004:71).

According to Fashoyini (2004), the most important factors that should be considered are social stability, good governance and productivity. These are essential when it comes to servicing the people, especially those not participating in any dialogues. Social stability enhances the environment where business is undertaken and leads to a good system of participatory governance. Good governance can be said to stem from social stability, and helps create a system that rewards its people. All these factors can amount to productivity, and it cannot be disputed that productivity requires social stability and good governance, which could translate to economic growth, be it at the national, regional, district or local level.

Social dialogue can also be very helpful in an environment where there are major constraints, for example if there is a lack of participation from the people of a community which has resulted in less local economic development initiatives. Through social dialogue, such problems can be swiftly dealt with by engaging with the community and finding out why it is not active in matters of local economic development, especially development matters that result in a decline or improvement of their socio-economic conditions (Ratnam and Tomoda, 2005). This could also have a direct impact on service delivery, as it is the aspect that has come most under the microscope due to the high number of service delivery related strikes nationwide. This also points to the growing recourse to social dialogue in order to sort out problems that are hindering socio-economic improvement. Perhaps the most appealing factor about social dialogue is that it can be associated with the masses, is that it aids in the elimination of alienation between the businesses, government and communities.

2.5 Social Dialogue and Partnership

Social dialogue emphasises the role of social partners or the participation of all stakeholders in socio-economic development matters. This can be viewed as the primary phase of partnership theory, which views partnerships as an important driver in dealing with a high rate of unemployment and social exclusion, promoting more innovative ideas, and creating stronger systems of governance (Scott and Scoppetta, 2013). Partnership theory from a social dialogue perspective means the promotion of integrated economic development that combats growing

inequalities in the era of economic crises. This can only be achieved with the emergence of strong local and regional stakeholders.

Social dialogue and partnerships which aim to assist economic development can use various methods adopted from the European Commission, such as the Organization for Economic Co-operation and Development's Local Economic and Employment Development Forum on Partnerships and Local Governance (OECD LEED Forum). The OECD is very vocal in terms of aiding relevant stakeholders at the local and regional level, as well as promoting development and employment (Scott and Scoppetta, 2013).

Social dialogue promotes partnerships as the vehicle to develop strategies that seek to address the socio-economic conditions that people find themselves in. Moreover, partnerships are essentially based on the proposition that issues that require immediate attention such as socio-economic issues (unemployment and inequality) cannot be solved by governments alone. Partnership theory goes on to emphasise that these issues can be better addressed through collaboration between public, private institutions, social partners and civil organisations (Scott and Scoppetta, 2013). All these institutions are seen as being important to create decent jobs and economic growth, which result in improved socio-economic conditions (World Bank, 2015; ILO, 2015; Scott and Scoppetta, 2013; Hadingham, 2013).

The principle of partnership has also been emphasised as a mechanism with which to improve policies at the local level, to link local authorities with all stakeholders, and to capacitate development at the local level (OECD, 2010). This results in efficient ways of combating inequalities, helps with the act of information exchange between social partners on economic development issues, and results in better policies (EU Commission, 2009). This in turn improves the coordination of the level of engagement between local authorities and all stakeholders.

The most effective and probably the most important role of partnerships is the reduction of "territorial imbalances between and within regions, rural and urban areas" (Scott and Scoppetta, 2013:3). This was seen through the 2007-2013 period where more than 53 cooperation programmes were formed by the European Territorial Co-operation (Scott and Scoppetta, 2013).

Examples can be extended to include the Community-Led Local Development (CLLD) programme, where the European Union is working hard to back bottom-up local development initiatives (ENRD, 2013). Such strategies can be a learning experience for South Africa.

The European Commission is at the forefront in promoting the 2014-20 principles, which focus on participation and how social partners and stakeholders can organise themselves for a participatory process (EU, 2012). This is done in conjunction with efforts that are being put in place to ensure that innovation and participatory governance are primary goals that have to be met. Partnership from this perspective is informed by coming up with integrated methods that will address complex issues, and local authorities presumably play a decisive role hand in hand with stakeholders. In order for such strategies to be implemented properly, all stakeholders at the local level should be included in decision-making, ranging from local municipalities to district municipalities.

The notable benefits of social dialogue are that it democratises participation and opens up economic development opportunities through the adoption of policies that are most conducive to a particular country's needs. Furthermore, it leads to the creation of better working conditions for the masses, which yields productivity and results in economic growth. To safeguard the role of social dialogue, the participation of all institutions or entities involved is pivotal. At the national level this seems like a good story to tell, especially given the cases of both South Korea and South Africa, as both countries evolved from repressive governments into countries that have vibrant social dialogues (Nordic, 2011). Yet some might counter this by noting that despite South Africa having a good story to tell about its social dialogue it has not reached the local level, as there seems to be less cooperation here which might have resulted in the unending service delivery strikes. This will be reviewed in the upcoming chapters.

Table 2.1: Forms or Stages of Social Dialogue

Table 2.1 shows the five different stages of social dialogue that social partners can engage in, in order to achieve their desired goals.²

Forms of social dialogue

Information sharing	Consultation	Negotiation and collective bargaining	Joint problem-solving	Joint decision-making
<p>The most basic form of workplace cooperation.</p> <p>Interaction is one-way: one party gives information and the other receives it.</p> <p>Usually takes the form of management providing information.</p> <p>Information may be is provided by workers to managers e.g. a message in a suggestion box.</p> <p>Information can be conveyed quickly but has disadvantages:</p> <ul style="list-style-type: none"> • no opportunity for immediate feedback • messages can be distorted 	<p>Information is shared and discussed, but one party retains right to make the final decision e.g. . workers give comments, but management makes the decision</p> <p>Consultation may be direct: discussions take place between the persons involved in the issue or problem under discussion, or indirect: discussions take place through representative bodies and/or committees.</p> <p>Consultation can be formalised through joint consultative committees and similar bodies.</p>	<p>Two or more parties engage in order to resolve an issue by making compromises and eventually reaching an agreement.</p> <p>Negotiation often results in agreement but not always.</p> <p>Collective bargaining refers to groups of workers/union discussing and negotiating with representatives of management with the aim of reaching a legally binding agreement.</p> <p>Collective bargaining: agreements are legally binding on both parties.</p>	<p>An interactive process involving two or more parties who seek to reach agreement over problems that exist between them by identifying the causes of their differences, generating alternative solutions to their differences and jointly agreeing viable solutions to their differences.</p> <p>A joint problem solving Process involves:</p> <ul style="list-style-type: none"> Defining the problem Diagnosing the problem Brainstorming options Developing objective criteria to evaluate options Assessing options against criteria Determining and agreeing solutions 	<p>Involves discussion and interaction between managers and workers, a process which results in a binding decision.</p> <p>Regardless of the form it takes, the essential feature is that managers and workers, together, make decisions that are binding.</p> <p>Joint decision making implies that unless agreement is reached, no decision (or action) is taken.</p>

Source: 3rd Biennial Labour Relations Conference (2013).

² See more on the working papers of the 3rd Biennial Labour Relations Conference, 2013 available at <http://www.pscbc.org.za/?p=2913>

2.6 Stages of Social Dialogue Discussed

2.6.1 Information Sharing

Information sharing can be taken to be any process whereby data pertaining to particular work or knowledge is shared with others to other people. According to Mendes and Carls (2012: 49):

“Information integration is considered one of the most representative tools to change the function and structure of an organization. It allows decision makers to manage information from several sources at the same time. It has the potential to support the transformation of organizational structures and to provide communication channels between multiple organizations working in different locations”.

This is probably the most basic form of cooperation as it has been practiced throughout history as a means of interaction between workers and their managers. A healthy social dialogue allows for the sharing of information to be transparent and information flows both way. This information can only be gathered through the process of information sharing between the participants in a particular dialogue. This view can also be supported by the argument that information sharing and exchange is important for governments and their aims of service delivery, i.e. being efficient and accountable (HM Government, 2010).

Information sharing can lead to greater collaboration and more informed decision-making between the two parties that have agreed to share information. Information sharing is one of South Africa’s key tenets in public reform, as it is one of the Batho Pele principles (Batho Pele, 2013). In this form of a social dialogue, no participants are there to only receive information; everyone is a key player in the sharing of information. This constant engagement thus leads to a vibrant society in terms of participation in information sharing, which is later used in decision-making. This is the initial stage of any social dialogue, as it symbolises the engagement between participants and paves the way to collaboration. Collaboration in turn leads to efficiency across all levels as it represents people working together (ILO, 2015).

Information sharing is the first step to a successful dialogue, as it allows for the meaningful engagement of all participants in a dialogue where information flows two ways. It is also noted

that information sharing has many benefits, such as helping make informed decisions pertaining to the dialogue that has been initiated and creating a space for collaboration between all participants. Furthermore, it plays a role in decentralising information and ensuring that the right kind of information reaches the right kind of people. The key is that it integrates people into a system of participatory governance, whether in their unions, municipalities or at a national level. It is what one could call a “hub of information”, as it contains the kind of information that all stakeholders need.

2.6.2 Consultation

Consultation can be regarded as the process whereby stakeholders engage in formal discussions with participants about issues that pertain to them. “Policy makers should be able to demonstrate that they have considered who needs to be consulted and ensure that the consultation captures the full range of stakeholders affected” (UKCP, 2013:3). This is because every decision taken has a direct or indirect implication on those involved in the process, and their concerns should be addressed and met. For example, a union that represents workers has to consult with its members before engaging with their employers, and it has to comply with the wishes of its members. As a result, the consultation process is used to discuss relevant matters with the relevant people before a decision is taken.

However the consultation process can be challenging when there is no mutual agreement on what is to be done or which policy is to be adopted. This is because people might have different interests or preferences in that particular period, which results in a conflict of interests. Consultation enforces consensus and promotes the goodwill of all, as the process is mainly aimed at that. Furthermore, it gives power to all stakeholders as they are assured that their views are important; harmony is promoted in this way.

One view that was forwarded by Kawamura (2013) is that the more people there are the less powerful some individuals become, which increases the chance of a consensus. This seems to be a valid statement in that this is what a social dialogue, or consultation for that matter, curbs. The process of consultation thus takes away from the self-interest of those who could have had too

much influence in the decision that was going to be taken. Additionally, it seems to be a tool that helps keep the hands of the most influential from making decisions without engaging the stakeholders. This means that instead of the power being vested in one person, it is decentralised so that everyone's input is taken as so to promote the harmony of the treaty.

The one benefit that cannot be ignored is that consultation goes a long way to helping make an informed decision, especially those that might have an immediate impact on the livelihoods of the people. A more informed decision means that both parties actually agree on ways that would be most beneficial to everyone and have considered all the shortcomings. For instance, at times of financial crisis it is hard to demand a huge increase in salaries as that has negative implications for retrenchments. As a result, the consultation process that might emerge at such times could lead to more informed decision making and strengthen the relationships between the parties involved. For this reason one can draw the conclusion that consultation is a pivotal stage of social dialogue in that it enhances informed decision making.

2.6.3 Negotiation and Collective Bargaining

Negotiation is the act of having a discussion in order to reach an agreement that is beneficial to both parties, however it is not always the case that everyone gets what they were negotiating for, as some end up losing a portion of what was at stake. Carls and Bridgford (2012:54) pointed out that "Negotiation is about trying to find an agreement between conflicting interests. It is a central means of Social Dialogue and considered one of the core activities of trade unions. The idea of negotiating is to defend workers' interests through arriving at some sort of compromise with employers rather than through open confrontation and industrial action". If negotiations fails, we are left with the example of National Union of Mineworkers in South Africa (NUMSA) and how their strike dragged for months, with neither the employers nor the unions being ready to compromise on their demands.

The process of negotiation, according to Carls and Bridgford, has to meet certain conditions in order for it to be a success. Their emphasis was that "an important precondition to reaching an agreement is to focus the negotiation not on opposing, fixed positions, but on the concrete

interests and needs that underlie these positions. In this way, both sides can gain from the negotiation by trying to enlarge the zone of converging interests and thus effectively fulfil their own needs” (2012:54-55). The core of this principle is thus to not turn a blind eye to the implications of the demands that the workers or the union might be making at a particular time. This opens up the possibility of a collaborative strategy in that it allows the screening of interests from both parties and informs the kind of decision that is likely to be taken.

Carls and Bridgford (2012) also examined the different phases that have to be considered when negotiating with stakeholders. They held that

“In order to reach objectives, it is crucial to prepare the negotiation well. First, it is necessary to identify the problems at stake, to analyse their causes and consequences and to contextualise them. This includes identifying the different parties involved, their interests and respective power positions as well as potential allies. Next, the objectives of the negotiation have to be set and put into an order of priority. This also entails defining a “best alternative to an agreement” to be pursued in case of a breakdown in negotiations, and to reflect on the objectives of the counterpart in order to imagine a realistic agreement. On this basis of clear, prioritised and realistic objectives, the most appropriate negotiation strategy can be finally chosen” (Carls and Bridgford, 2012:54-55).

In the end these lead to a successful negotiation process, which results in consensus, agreements and resolutions, and secure the interests of all parties (Carls and Bridgford, 2012). More than anything, the phases of negotiation play a fundamental role in not undermining the interests of both parties, especially those of the workers.

2.6.4 Joint Problem Solving

Joint problem solving is self-explanatory in that it is a process where all parties partake in problem solving as long as they have vested interests in that case. According to a BTS white paper, “The concept of joint problem solving and partnering within the workplace and within today’s business interactions is gaining an ever-increasing focus today. Joint problem solving (JPS) is a cooperative approach that is focused on both parties optimizing their outcomes and growing and maintaining a long-term relationship” (BTS White Paper, 2008:123). The stage of joint problem solving is also seen as “An interactive process involving two or more parties who seek to reach

agreement over problems that exist between them by identifying the causes of their differences, generating alternative solutions to their differences and jointly agreeing viable solutions to their differences” (BTS White Paper, 2008:125).

As noted, all steps of social dialogue follow a certain path, as does joint-decision making. The process involves “Defining the problem, Diagnosing the problem, Brainstorming options, Developing objective criteria to evaluate options, Assessing options against criteria, Determining and agreeing solutions” (BTS White Paper, 2008:126). The first task of joint problem solving is to identify the cause of the problem that might exist in the workplace. This is then followed by the act of looking for the most amicable alternatives to the problem, which is done through a joint discussion amongst all the relevant stakeholders. This leads to the last step of adopting the best solutions to the problems that have been identified.

The above stages play a key role in strengthening the process of social dialogue in that they are all vested in the participation of everyone in decision making and in tackling all the internal problems that might exist. The mere fact that it is a joint process means that all the stakeholders play an informed role in the continuity of the social dialogue that exists between the workers, unions and employers. Through such a process, social dialogue satisfies the aim of giving power to every stakeholder and promotes the act of participation. Participation thus means the awakening of a social dialogue, which is conflated with the idea of participatory governance or participation. This is the one benefit of joint problem solving, as it promotes social responsibility by all partners.

2.6.5 Joint Decision Making

The process of joint decision making refers to an act that “Involves discussion and interaction between managers and workers, a process which results in a binding decision” (LRC, 2013:8). What this process signals is the final stage of a social dialogue where both the employers’ and the workers’ relentless engagement is finally about to become an end product. It also means that whatever decision is to be taken is a decision that represents the greater good of the company and the workers. Thus the role of unions is most important in that the joint sitting that takes place in

decision making is handled by the unions which represent the interests of its members. This means that the members have somewhat of a direct say in what policies are taken or not taken, or the kind of wages they accept or decline.

The core of joint decision making is that it emphasises the collective, i.e. whatever decision is taken has to be respected and carried out as it is a decision that both parties agreed upon. As seen in figure 2.3, “joint decision making implies that unless agreement is reached, no decision (or action) is taken” (LRC, 2013:8). The very fact that action cannot be taken if an agreement is not met means that cooperation becomes a necessity, and for there to be cooperation both the businesses and unions (as representatives of workers) must see eye to eye.

2.7 Analysis of Social Dialogue

The case of South Africa can be argued to be an example of social dialogue through a tripartite process, where the government heads the dialogue. As noted by van Empel, social dialogue “can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers’ organizations), with or without indirect government involvement. Besides bipartite and tripartite dialogue forms, other relevant stakeholders such as civil society organizations can be involved when appropriate” (Van Empel, 2008:183).

On the other hand, the case studies of South Africa and South Korea show the use of social dialogue to address different conditions that countries might be facing. South Africa was mired in a difficult situation and needed to encourage society to form a new state and to address the socio-economic conditions of the previously disadvantaged. On the other hand, South Korea used social dialogue to emerge out of the Asian economic crisis by encouraging dialogues on issues relating to economic development. The two case studies show what can be achieved if thorough effort is put into addressing whatever crisis a country might be facing. More importantly, they show that social dialogue is everyone’s business in times of need.

The literature has also shown that social dialogue is driven by common interests in addressing economic development matters. The general consensus drawn from the literature is that social dialogue:

- enables partnerships amongst stakeholders with common objectives (van Empel, 2006; 2008; EU, 2009; Fashoyini, 2004);
- fosters transparency in collective decision-making and joint problem solving (LRC, 2013; van Empel, 2008);
- fosters greater working relationships between the private, public and civil society;
- promotes participation;
- increases the level of exchange of information; and
- improves linkages across sectors, governments, communities etc.

The focal point is that “successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress” (van Empel, 2008:183). Van Empel’s position is that only through increased participatory governance can we see effective reforms and an economic development that is driven by all social partners.

2.8 Conclusion

Social dialogue plays an intermediary role in integrating issues relating to socio-economic development with all stakeholders. The emphasis is mostly put on bottom-up approaches by the ILO, the EU and Partnership Theory (ILO, 2015; Scott, 2013; EU, 2012). Scott (2013:11) pointed out that to bring about “positive change, particularly in the face of the current socio-economic crisis... stronger action is required to ensure that partnerships further integrate local voices throughout programme cycles and policy frameworks encourages robust co-operation across all levels of governance”. This further encourages local authorities to use social dialogue as a means of engaging with the local people, with the hope of integrating their collective interests.

The consensus from the literature is that a participatory process certainly increases the consciousness of stakeholders at the local level in influencing strategies, as seen with NEDLAC and the Department of Economic Development. This is why Scott pointed out that “local and regional stakeholders...should team up with partners from other economic sectors, government agencies and civil society organisations to solve complex problems jointly” (2013:11). All this stresses the fact that social dialogue is the most useful method of addressing socio-economic development issues at times of crisis. What is essential to understand is that economic development matters are the shared responsibility of both the public and private institutions (ILO, 2015).

The following chapter will discuss the literature on LED and how it emerged in South Africa. It will also look at the establishment of development agencies in South Africa and how this links up with LED.

CHAPTER 3: LITERATURE REVIEW 2

3.1 Introduction

This chapter will address the literature focusing on LED in South Africa and examine how it emerged to become a key priority of the local government. The different key strategic drivers of LED will also be analysed. The wave of LED will be studied, from its inception in Europe to its introduction in Third World states. This chapter will also draw from debates on LED, examining Bond's (2003) analysis of the debate and the contestation surrounding LED in South Africa, and LED will be analysed in terms of the development state. The literature on the role of development agencies will also be looked into, as this study is informed by development agencies. Lastly, the outlook of LED from a social dialogue perspective will be highlighted (specifically identifying development agencies as the custodians of social dialogue).

The literature will be engaged in a chronological order to bring more understanding on the case study of South Africa's LED and to show how LED has evolved to its current social dialogue form. The literature on social dialogue was mostly drawn from the ILO as pioneers of social dialogue at the international level. The ILO also helps at the national level through the development of LED strategies that are informed by an inclusive economy (such as in Ghana, however this will be discussed in detail in the next chapter). This has resulted in the emergence of an economy that is driven by social partners.

3.1.1 Local Economic Development in South Africa

LED has emerged as one of the modern drivers of each and every nation's economy at the local level:

“LED is a participatory development process that encourages partnership arrangements between the main private and public stakeholders of a defined territory, enabling the joint design and implementation of a common development strategy, by making use of the local resources and competitive advantage in a global context, with the final objective of creating decent jobs and stimulating economic activity” (Tomlinson, 2003:14).

The most important function of LED is that it has to create an inclusive economy because it is founded on the principles of participatory economic development, but it is also used to stimulate the local economy. This is because the modern society's drive for local economic development is taking place in an era where rising inequality and environmental concerns (global warming) are major setbacks (Blakely and Leigh, 2010).

The first feature of LED mentioned in the initial definition is participatory development, which involves all the social partners. This approach emphasises the importance of participation by all stakeholders at the local level (Cook and Kothari, 2001; Cornwall and Coelho, 2007). This is to say that the community as a whole (civil society, public and private institutions) have an equal role to play when it comes to developing their own economies (Hickey and Mohan, 2004). In the context of South Africa, this role is carried out in conjunction with LEDAs, which are very useful in helping businesses or LED initiatives succeed due to the sufficient human resources and capital they have. Development agencies will be covered more extensively towards the end of this chapter.

Secondly, all the stakeholders or social partners have to be from a specific territory, ranging from the local, to the district and the regional level. These characteristics define the area that a certain LED project is confined to. This allows for the proper formulation of strategies that bind/promote the LED strategies of that particular area. The National Framework for Local Economic Development reiterates the point that the government's task is not to create jobs (White Paper on Local Government, 1998); at the local level, the primary task of the local government is to create an enabling environment for job creation (CoGTA, 2014). This means that LED is about the creation of a conducive environment for all social partners or stakeholders to engage in LED matters and the adoption of new strategies (DPLG, 2006).

In South Africa, territory falls under certain areas that are under the administration of municipalities, while the rural areas are also administered by traditional authorities. Local authorities play an important role in detecting areas that are of potential economic contribution and in supporting SMMEs with various resources such as capital and infrastructure. In essence,

“Local authorities can either support the establishment of local training bodies or focus the activities of national training agencies in the local area” (Bond, 2003:152).

The territory also allows for the “joint design and implementation of a common development strategy” which guides that area. This is usually the task of the Integrated Development Plan (IDP), which has come to be a helpful tool of LED. As observed by Gunter (2005), IDPs are a vehicle for legislators to empower local governments to successfully drive LED strategies. Furthermore, the view is that “IDPs are viewed as the way forward for LED in South Africa; as a mechanism that will help develop capacity and integrate different government departments so as to ensure a consolidated LED process” (DPLG, 2006:5). The most common problem with IDPs is that “Municipalities often simply use IDPs as wish lists of what they would like to achieve but cannot within their current budgets” (Gunter, 2005:32). The idea of IDPs being closely interlinked with local economic development is also emphasised by the fact that the most important aspect of IDPs is the engagement of local communities (Gunter, 2005). It is then the duty of LEDAs to implement the common developmental objectives that are stipulated in the IDP.

The fourth factor that plays an important role is the use of local resources or competitive advantage. This is to say that LED uses either a resource-based approach, or competitive advantage or both (ILO, 2015). This is due to the fact that approaches to LED vary as local economies do not have similar challenges or resources. As a result, the areas that have more resources are bound to use them as their form of LED drivers (Nel and Rogerson, 2005). In the case of KwaZulu-Natal, a resource-based approach seems to be the best because LED is based on local initiatives, and local people should utilise their local resources to stimulate economic growth using vital resources such as land and ocean (harbour) which gives them an advantage.

All of these elements play an important role in the economic development of a particular locality or district. This was also noted in the World Bank’s definition of local economic development, which defined LED as “the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve quality of life for all” (World Bank, 2015). Although this

definition does not specify that LED is a participatory process, there are other definitions that do. For example, the ILO defined LED as “a participatory development process that encourages partnership arrangements between the main private and public stakeholders in a defined territory, enabling the joint design and implementation of a common development strategy, by making use of local resources and competitive advantages in a global context with the final objective of creating decent jobs and stimulating economic activity” (ILO, 2014:4).

3.1.2 Key Strategic Drivers of Local Economic Development

There are many LED strategies that can be used by LED practitioners to try to advance local economies. These include entrepreneurship, urban efficiency, and community involvement (Bond, 2003). According to Blakely and Leigh (2010), strategic planning is the most notable approach for devising the path of businesses, institutions, organisations and regional economies. Furthermore, Blakely and Leigh also held that “economic development practitioners increasingly understand the value of strategic approaches to rekindle distressed communities, both rural and urban” (2010:211).

There has been a recent rise in emphasis of the role SMMEs play in economic development, which has been from the government’s side. Strategies that are based on the entrepreneurial competitive approach tend to highlight the essence of small businesses and comparative advantage in local economic development, and their progressive effect in job creation (Bond, 2003). This is why even the local level has switched to identifying viable entrepreneurship opportunities and has also invested greatly in informal businesses (Di Megilo, 2014).

Human resource development is the most important strategy in that it provides people with the right skills and gets them ready for the work environment. This is the reason for the emphasis on human resource development, as it is a crucial factor in aiding local economic development strategies. The justification for this has been that “Low skill levels, especially amongst the poor, are a key constraint facing potential investors. Furthermore, poor people are unlikely to benefit from whatever new jobs there are unless they have appropriate skills” (Bond, 2003:154). The arguments that are forwarded by Bond in this case cannot be argued against, as a lack of skills is what has been the main setback in the development of South Africa’s economy.

As a way of addressing the problem, Bond (2003:156) suggested that “conditions can be imposed on companies doing business with the municipality, requiring that firms provide a minimum amount of training for their employees”. This goes hand in hand with upskilling people. The emphasis is that although there is a lack of jobs in the formal sector, there is not a lack of opportunity in the economy. There is an acute need to help graduates to upskill themselves so that they can identify opportunities for entrepreneurship and self-employ themselves (and eventually employ others). This means that they need to learn how to manage SMMEs, how to identify and assess an opportunity and make a judgement about their viability as a business plan, and then how to pitch that idea to get capital, if necessary.

The main setback that is faced at the local level in delivering or making a success of pro-poor policies is the poor implementation process. This is underpinned by poor understanding of local economies and lack of skilled human resources (Bond, 2000; Nel and Rogerson, 2005). It has to be also mentioned that pro-poor approaches to development have often been reduced to poverty alleviation initiatives whereas the “pro-growth” approach has been associated with creating an enabling environment for the market system (Nel and Rogerson, 2005). The ideological difference of these approaches has often impacted on the outcome as businesses have tended to be more involved in pro-growth policies than pro-poor strategies. This is because pro-growth strategies have immediate rewards or put the needs of businesses before the need of the greater society. Hence the fact that the world hasn’t found a balance between both approaches is a setback on its own as there is more ideological battles than action.

3.2 The Origins of LED in SA

The emergence of a democratic South Africa in 1994 came with various social, political and economic burdens for the ANC government (Mashele and Qobo, 2014). The most pressing problem was the fact that the colonial and apartheid economy had not been set up to benefit African societies (Simensen, 2014), which meant that the democratic government was taking power at a time when the majority of the country’s population were not skilled and did not have the institutional capacity to create efficient institutions - this is in a country that was starting off on a new footing but had deep economic inequalities.

The ‘new’ South Africa (post-apartheid) was also met with another contradictory and unproductive force in the Washington Consensus. As observed by Bond (2003), the Washington Consensus contributed to the increase in poverty and inequality at the local and national levels. This meant that the government had to adopt policies that were from a pro-poor development perspective in order to bring the economic gains closer to the people. When the ANC took over, they hoped to engage in “a wide-ranging consultative and participatory process for the preparation of LED strategies” (Tomlinson, 2005: 114-115). What is most notable is that this strategy is in line with social dialogue in that it encourages consultations and community engagement. Emphasis was thus placed on “community economic development and programs to support and sustain emerging (black) informal and very small enterprises that, together with public works programs, were intended to foster job creation” (Tomlinson, 2005:115).

After 1994, South Africa emerged as one of the most decentralised countries in the world (Nel and Rogerson, 2005). This is because much emphasis had been placed on LED and joint collaboration with local authorities (Nel, 2007). It is not a surprise then, that “with the approach of democracy, the decentralisation programme fell into disrepute and the focus turned to local economic development (LED) as an alternative means of promoting economic development in particular localities” (Tomlinson, 2013:113). One could go as far as arguing that this was inevitable for South Africa in order to combat the growing inequality and reverse the legacy of apartheid.

Tomlinson pointed out that the initial conception of LED by the ANC was in their RDP paper, which stated that:

“In order to foster the growth of local economies, broadly representative institutions must be established to address local economic development needs. Their purpose would be to formulate strategies to address job creation and community development (for example, leveraging private sector funds for community development, investment strategies, training, small business and agricultural development, etc.). If necessary, the democratic government must provide some subsidies as a catalyst for job-creation programmes controlled by Communities and/or workers, and target appropriate job creation and

development programmes in the most neglected and impoverished areas of our country. Ultimately, all such projects should sustain themselves'' (Tomlinson, 2005:116).

This conception of LED is still prominent in government institutions but some aspects have to be redefined to fit the ever-changing global world. The representation of institutions thus takes a social dialogue form, which will be discussed in the following chapter.

3.2.1 The Wave of Local Economic Development

The wave of LED might be new in developing countries such as South Africa, but it has existed in developing countries for many years (Patterson, 2009; van der Heijden, 2008). As already mentioned, LED in developing African countries that were colonies was non-existent, as their economic structures previously catered for the needs of a minority. The power given to traditional chiefs during colonial times was limited, and was mostly to administer the locals (Butler, 2010; Semensen, 2014).

Patterson (2009) has pointed out that local economic development started off as being characterised by market-based economies, incentives that included lower taxes, and public services at a lower cost. The market found these to be sufficient to boost economic development, however the disadvantage of such economies was that they hindered diversification and were simply anti-innovative, in that they tended to limit business to only what the market deemed necessary. However, as time went by, a new approach was created. This phase was aimed at "endogenous economic potentials, striving to support the competitiveness of existing firms, promoting entrepreneurship and business start-ups. This was often done via entrepreneurship development and training programmes, business support and business linkage mechanisms, providing access to finance, skills development, rural development and sectoral development approaches" (Patterson, 2009:3).

It is worth noting that South Africa seems to still be in this phase, as local municipalities are urged to promote/develop their economic potential. For example, the tourism industry has been growing at great rate in KwaDukuza (or specifically Ballito); this is an example of a town that is using its rich history and geographical location to embark on a wide campaign to promote its

economy. Lastly, entrepreneurship and small business development has been at the core of the current South African strategy, as the country is battling with unemployment. This is being promoted in part through entrepreneurship competitions by chambers of commerce.

The third stage, which specifically deals with the support of individual businesses, is a follow up to the second phase, which deals with promoting entrepreneurship. This stage “enhances the individual business support and sectoral development approaches of the second development phase by making the entire business and community environment more conducive to economic development” (Patterson, 2009:3). According to Patterson:

“the focus of the third phase is therefore on providing a competitive local business environment, encouraging and supporting networking and collaboration between businesses and public/private and community partnerships, facilitating workforce development and education, focusing inward investment to support cluster growth and supporting quality of life improvements” (Patterson, 2009:3).

This phase is in line with the theme of this research, i.e. collaboration between the public, private and the general community. It also holds that businesses and the community do not live in isolation, thus there must be an existing relationship in order to foster the development of the economy and to improve the socio-economic conditions of people.

3.2.2 Debates in LED: A People’s Centered or a Market Centered Economy

It is an accepted phenomenon that social dialectics are a part of life. This is to say that there will always be contradictions between what the government hopes to do and what ends up happening. Additionally, debates are a part of social sciences. This is seen in the debates of the provincial government:

“National policies, as pursued by the Department of Provincial and Local Government and the Department of Trade and Industry DTI in particular, are based on conflicting paradigms and have been pulling in different directions: one towards a focus on poverty alleviation within poor communities, and the other towards engagement with global economic forces through means to enhance competitive advantage” (Patterson, 2009:4).

This debate was also highlighted by Bond (2003), who tried to understand whether traditional types of economic development are generating benefits or are worsening the existing economic conditions. Bond also ended up conflating the traditional development policies with the Washington Consensus, which yielded the inverse of what it hoped to achieve in South Africa.

Bond's (2003) observation is similar to the direction that development and change theorists have taken in the last decade (Theron and Cesar, 2008). The failure of not only the Washington Consensus, but also the development paradigms, to navigate inclusive economic growth has led to theorists understanding that a shift from macro-economics to micro-economics is inevitable (Davids, 2005). This is to say that development has to be rooted at the local level for the active participation of all stakeholders.

Table. 3.1 Differences between top-down and bottom-up approaches to development

Conventional development policies	Local economic development
1. Top-down approach where decision making is centralised.	Bottom up approach where development initiatives are encouraged to start from the bottom.
2. All developments are managed by the centralised administration.	The decentralisation of administration between all social partners.
3. Development matters are emphasised through sectors	The locality is the driver of development.
4. Emphasis is on big corporations as economic drivers.	Maximising the economic potential of the locality through creating an environmentally friendly ecosystem for development.
5. Incentives and financial assistance as investment attractors.	The development of conducive infrastructure for economic activity.

Source: Rodriguez-Pose (2001:41).

According to Simon, “It is important to understand the current South African emphasis on local economic development (LED) in terms not only of the country’s politico-economic and social transformation, but also within the context of global changes affecting the country and contemporary debates on the meaning and nature of ‘development’ as a whole” (2003:127). Simon’s understanding of economic development took the same path as that of the ILO, in that the emphasis is on the globalised world and its response to the demand of local economic development. Hence South Africa as a global player also has to have its priorities in line with those of the world, with the aim of creating better jobs and subsequently improving peoples’ economic conditions.

There is a continual increase in awareness of LED matters in South Africa amongst officials (Gunter, 2005), which means that they can educate the general public about such matters. This is where the stage of information sharing can be mostly utilised in order to create a conscious people. However the one barrier that such officials face is that most, if not all, of the officials are not highly skilled or sufficiently equipped with the LED skills they need to successfully drive the local economy (SALGA, 2014).

3.2.3 Local Economic Development and the Development State

The recent global economic crisis caused a change in economic approach throughout the whole world, especially amongst third world countries (Turok, 2010). It is important to understand the recent interest in LED within the realm of the discourse in the mid-1980s about the importance of the development state (Simon, 2003). This is the contextualisation that this study operates under in terms of approaching LED from a development state perspective. This is most significant given that South Africa is a developmental state.

A development state is defined as one where the government plays a significant role in the economic matters of the state, from macro to micro development matters (Onis, 1991; Turok, 2010; Meyns and Musamba, 2010). In such a state, the government not only carries out a dialogue on development matters with the citizens, but it also goes to the extent of creating a

people's economy whereby the people and government jointly drive economic prosperity. The re-emergence of interest in the idea of the development state in Africa (Turok, 2010) is due to the success of the Asian tigers, where the governments replaced the markets as the main players and reaped the rewards (Turok, 2008; Gumede, Meyns and Musamba, 2010).

According to Turok (2010) there are three key features of a development state, with the first being the ability to strategically plan ahead and counter any problems. The second is the institutional capacity to think analytically in order to deal with challenges before they become problems and come up with rational solutions. The biggest problem that has often faced the Third World states is the lack of planning and averting a crisis before it happens. In order for such states to be able to develop institutionally, they have to be able to predict trends and not merely learn to adapt in a crisis. As also noted by Nel and Rogerson (2005), South Africa's LED has been hindered by the inability to understand local economy due to insufficient skilled practitioners. This points to the fact that LED hadn't been considered a specialist field in South Africa. Only now has it started receiving sufficient attention as noted by the growing trainings offered by government and institutions of higher learning.

Secondly, a development state considers the economic impact on its citizens (Turok, 2010). This is to say that a development state develops strategies that would likely yield the best economic interests for the improvement of people's lives. This can also be used as a justification for development agencies, as they are used as vehicles that will drive economic growth and increase employment. In this regard, a state is using its powers and sub-state institutions to drive economic impacts where it cannot directly do so. This is seen in the strategies that development agencies adopt in order to boost local economic development. The same can be said with municipalities and their IDPs. Through this approach, "Developmental states invest to release latent economic potential, encourage enterprise and make better use of neglected resources such as labour and land" (Turok, 2010:500).

Lastly, development states are subject to democratic principles. This seen when different actors come together to form a consensus on the path that the state is supposed to take (White, 1998; Edigheji, 2010, Enterprise iLembe, 2015). At an enterprise level, this represents the local

government's focus on development agencies and the way they are modelled. This is given the fact that development agencies are made up of public-private relationships, with the aim of developing a particular region's economy. The idea of a development state at an enterprise level also takes the form of social dialogue. This is because "Partnerships with business, labour and community organisations help to share ideas and resources, and build support and mutual commitment to activities that enhance value, encourage hard work and self-improvement, and increase employment" (Turok, 2010:501).

As a development state, South Africa could be said to be in the second phase of a spatial policy. This phase stresses that internally driven economic development is made up of local businesses, efficient institutions and strong incentives for local enterprises (Turok, 2010). This is why the state has also been criticised for not creating an environment that is not as conducive for the international business community. However, the most ignored aspects by such critics is that the government's effort is aimed at the cultivation of local enterprises and placing local businesses in the global market (Turok, 2010; Rogerson, 2009).

A number of legislative frameworks have supported the introduction of development states' roles and functions to the local government, such as the Constitution of Republic of South Africa (1996) and the National Local Economic Development Framework (NLEDf). The Constitution holds that municipalities have to position themselves to manage and administer their planning functions in a manner that prioritises the needs of the masses, and enhance the socio-economic development of their people. This framework also went on to inform the Municipal Systems Act of 2000, which highlighted IDPs as a compulsory directory framework for local municipalities and that IDPs should include a component on LED. The ACT further highlighted that the aim for IDPs is to provide a vehicle and steps that will allow municipalities to reach the national objectives of uplifting people's socio-economic needs (MSA, 2000).

The White Paper on Local Government went a long way in addressing the roles and functions of development when led by the local government, including creating the term "developmental local government", which signifies the developmental role of local government in a development state (WPLG, 1998). This framework is not detached from the Constitution or the IDP, as all

these legislative frameworks are vehicles that encourage ways of meeting the socio-economic needs of the impoverished, and at the same time create economic growth.

3.3 The Role of Local Economic Development Agencies

The government's quest to find the right tools to stimulate local economic growth has been left to the municipal governments or local governments (Canzanelli, 2010; Mountford, 2009). This is because a local government has a more immediate knowledge of the local area and thus is able to speed the process when it comes to addressing the local economy. The idea behind the introduction of development agencies was to delegate most local economic development matters to the supervision or administration of public-private companies (development agencies) (Mountford, 2009). More than anything, this was in an effort to create a good environment for the public and private to do business and to realise that every entity has an equally purposeful role to play in development.

The ILO defined development agencies as “independent organizations, shaped by public and private institutions, with the aim of implementing strategies of shared territorial development, with particular emphasis on favouring access for the most marginal portions of a population to opportunities of income and decent employment” (ILO, 2014:3). This definition broadly covers the key aspects that go hand in hand with the idea that development agencies are also informed by the idea of a development state. This is seen in that development agencies are influenced by the public and private culture with the main aim of steering a region's economy. Patterson (2009) also defined development agencies as an economic development approach that is set up to create jobs in local communities by exploiting local resources.

Effective links between local government, civic organisations and the private sector are gaining momentum as basic steps that lead to active strengthening of institutional arrangements for local economic development. Canzanelli (2010:3) alluded to the need for “a partnership activity between public, private, and institutional sectors, with substantial vertical and horizontal collaboration on the public sector side, and where stakeholder engagement is both effective and efficient”. Development agencies are institutional agents that have the sole mandate of strengthening arrangements for LED. This is done through the formation of partnerships with

communities, the business sector etc. in the name of local economic development. In this way, projects or cooperatives are developed, however for this process to fully take off, communities have to arrange themselves to be part of drivers in LED matters. This is because effective LED has been associated with the emergence of a strong partnership between communities, public and private institutions (ECEDEA, 2014).

Development agencies, as institutions to enhance economic development, play by far the most important role of local government in a development state. Development agencies are thus the custodians of social dialogue. Since it has already been established that effective local economic development is associated with a strong emergence of communities, business and private partnerships, this means development agencies are responsible for “organizing wholesale and retail cooperatives on a democratic basis; it also mean[s] decentralizing these cooperatives by getting the mass of the people interested in the ordering of public affairs” (Fanon, 1961:146). The most important aspect of this is understanding that there must be greater emphasis on getting communities to see their role in LED matters and their role in socio-economic development.

In this case, the introduction of regional development agencies can be argued to be for the promotion of local economies and be a mechanism of cooperation between the agency itself, businesses (emerging and established) and the people of that particular territory. This is in line with the purpose of this research, which views the role of development agencies as a method/mechanism of economic cooperation. Dialogue should therefore be used by nations/territories that have people who have problems when it comes to accessing information about developing their businesses/local economies, i.e. development agencies aid them in reaping economies of scale.

3.3.1 The Emergence of Development Agencies: 1950s to 2000

The number of development agencies has increased globally since the start of the 21st century. It is also the case that, “Internationally, many local governments, and their regional and national governments, have innovated organisationally over the past 20 years to create new development tools and Development Agencies, and other entities that have some specific tasks in pursuing their

development agendas” (Mountford, 2009:2). This, on its own, goes a long way to show the increasing importance of development agencies when it comes to dealing with LED matters and helping local governments to be more responsive to them.

The emergence of development agencies was seen after World War II. As a response to the damage caused, development agencies were set up as to aid the reconstruction of Europe using a place-based approach. Emphasis was placed on industrialisation, as industry was the dominant sector of the European economy. These development agencies were seen as temporary aid, yet they were kept in place even after the reconstruction period was completed because of their success in bringing about fundamental socio-economic changes. In France, Germany and Belgium, development agencies took another approach; they were established with the aim of redeveloping and redefining damaged industrial areas for new economic hubs (Mountford, 2009). This was with the view of starting their economies on a new footing and establishing viable economic roots that were innovative.

LEDAs in North American states emerged in the next wave of development agencies. They were established with the view of “de-industrialising cities of the north, designed to help redevelop old industrial sites and promote new economic futures for whole cities” (Mountford, 2009:3). This movement spread to East Asia in the beginning of the 1980s to the 1990s with the aim of attracting and increasing national and international competition for investment (Mountford, 2009). This came at a time when the world’s economy, especially in Asia and Africa, were facing an economic meltdown, hence development agencies were seen as tools to help attract international foreign direct investment.

In the previous decade or so, development agencies took a different approach as they were created with the broader aim of aiding local economic development. Mountford (2009) pointed out that contemporary development agencies are used as a ‘bottom-up’ approach to stimulate local economic development. In as much as development agencies are set up with different aims, they are, however, predicated on the assumption that they will bring about local economic development, which will also improve the socio-economic condition of people’s lives. This is further coupled with unlocking the economic potential of their localities.

3.4 Development Agencies in SA

3.4.1 Background

At the South African national level there is a National Development Agency Act (NDA Act), which stipulates that the aim of the NDA is to stimulate sustainable cooperation between the government and communities (civil society) to improve socio-economic conditions (NDA Act 108, 1998). Similarly, at the local level, regional and local economic development agencies were established with the same role as the NDA. Cooperation between the public and development agencies have been the backbone of strong local authorities. More importantly, functioning relations between regional development agencies are useful in that they bring about effective communication and collaboration, which leads to strong institutional arrangements for local economic development (ERDA, 2010). This emphasises the growing role of partnerships in local government.

The MSA Act (No. 32 of 2000) and the MFMA Act (No. 56 of 2003) allowed for the establishment of municipal bodies to head a wide range of services on behalf of the district municipalities, and LEDAs were launched as mechanisms of economic development and cooperation. The promotion of LED and investment is at the centre of LEDAs (DPLG, 2008a; DPLG, 2008b; DPLG, 2008c).

LEDAs were established with the objective of being implementation vehicles in conjunction with the participation of local stakeholders to achieve common developmental objectives. An important point to understand is that LEDAs do not make policies or strategies, but they act as executors of the policies and strategies that are set out in the Integrated Development Plans of the district municipalities (DPLG, 2008a; DPLG, 2008b; DPLG, 2008c).

This means that the parent municipality will be responsible for the establishment and operating costs of a development agency for at least three years and possibly on an ongoing basis. If the municipality hopes to set up an agency, it must be sure that it has the financial resources to

establish and support it. Where several municipalities have established a LEDA, a partnership agreement that defines their relationship is required.

Table 3.2: Existing LEDAs Structures in South Africa

Agency	Structure	Accountability	Funder	Role	Level of intervention
Nelson Mandela Bay Association	Section 21 and Board of Directors, but not appointed by municipality	Municipality	Municipality	Supports independent development agencies in the area to fast-track implementation and engages in property development	Programme level
Johannesburg Development Agency	Section 21 and Board of Directors are appointed by the municipality	Mayoral Committee of Municipality	Municipality	Coordinator of flagship infrastructure projects and improvements to public spaces	Programme level
iTrump	Unit in the municipality	Municipality	Municipality (City Manager's office)	Infrastructure development in semi- formal sector Public Space Management	Project level
Cape Town Partnership		Independent (of local authority)	Private sector	Property development	Independent programme level
ASPIRE (Amathole Economic Development Agency)	Pty (Ltd)	District municipality	District municipality	Implementation of key investment projects	Programme level

Source: Department of Provincial and Local Government (2008c: 5)

3.4.2 LEDAs in South Africa

Various reasons can be put forward for the establishment or existence of LEDAs in South Africa, such as the need for stronger and more accountable LED institutions. The following reasons

provided by the DPLG (2008a) are, however, the most compelling arguments for the existence of LEDAs:

- a) LEDAs are mechanisms that provide an efficient and effective partnership between different stakeholders in order to improve stakeholder relations and limit the duplication of tasks;
- b) LEDAs are vehicles that bring better expertise and resources to existing LED units within municipalities;
- c) LEDAs are specific-goal driven economic development mechanisms with the aim of bettering the LED resources and services;
- d) LEDAs have the financial power to support businesses within their geographical space or jurisdiction.

3.4.3 The Role of Municipalities

Municipalities have to make a decision as to how they choose to establish LEDAs in their localities. Most municipalities have chosen to establish LEDAs as institutions that undertake economic service delivery on behalf of the municipalities under the Municipal Systems Act, Section, 77 (DPLG, 2008a). This section allows municipalities to establish LEDAs as municipal entities. In such cases, municipalities still administer LED in that particular LEDA and also take responsibility for funding that particular LEDA. Such LEDAs also have to be conducted in a manner that is in line with the government's LED policy. This includes the establishment of LEDAs at a district level (DPLG, 2008a).

In the case of South African LEDAs, the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA) allow for the establishment of LEDAs as municipal entities that are external to the municipality (DPLG, 2008A). LEDAs that are formed as municipal entities are informed by Section 86B of the Municipal Systems Act, which provides for three different types of municipal entities:

- A private company, which includes a process of integration in terms of the Companies Act 61 of 1973.
- A service mechanism founded by the use of by-laws.
- A multi-jurisdictional consisting of municipal written agreements between two or more municipalities.

3.5 LED Institutional Arrangements for LED

The fact that governments at the local and regional level across the world are gradually looking to local economic development strategies in the name of decentralisation in the midst of growing inequality shows the significance of a dialogue in local economic development matters (ILO, 2014). This also means that there is an ever increasing demand for communities to come up with commercial community initiatives that will drive economic growth and improve employment figures. In short, there is a demand for communities to arrange themselves for local economic development. This also means that “local authorities are assuming ever bigger responsibilities in devising and implementing strategies that build on local economic potential and address poverty, unemployment and obstacles to enterprise development” (ILO, 2014:1)

The first step of organising for LED is to study the nature of the locality and its stakeholders. This is done through IPDs, where the roles and functions of different stakeholders are assessed (Fray, 2013; Gunter, 2005). This is through “identifying the people, public institutions, businesses, community organizations and other groups who represent and have an interest in the local economy” (Fray, 2013:45). While doing this, it is also good for local authorities to bear in mind that they are dealing with an ever changing global economic environment and to understand that the promotion of sustainable LED is fundamental. This is because sustainable LED requires clear “economic thinking and performance; it is based on economic dynamics and business principles, and local government is not well-equipped nor does it have the necessary capacity to drive it [alone or in isolation from business and community organizations]” (Fray, 2013:60).

The partnership of three spheres of government; business communities, statutory bodies and communities - should be active in managing local economies and provide a vehicle for collective vision, community action, and collaboration, and for broader stakeholders to input the direction for the LEDA (this is why they are formed in a social dialogue manner) (DPLG, 2008a). The next task is eliminating the duplication of tasks between all the relevant stakeholders identified as key stakeholder groups. A participatory approach within the municipality and LEDA should be developed to represent a multi-stakeholder approach to IDPs and LED forums; this is emphasised by the need to drive a consultation process (DPLG, 2008a).

The promotion of participatory governance is often a painful task as it cannot be done overnight. Fray observed that this process (of engaging different stakeholders in LED) has two main challenges. These are, that “necessary space must be created for all stakeholder groups to be able to actively participate. A dominance of any one group would inhibit a successful process. Second, each actor must have the necessary space, acceptance and understanding to fulfil the specific role it is best suited for” (2013:60). The act of involving many stakeholder groups means that it is important that no sector or stakeholder dominates another in the dialogue. This results in a balance of power that allows for common socio-economic interests to be pursued. This, in the long run, yields an inclusive economy.

The objective of social dialogue in LED matters is to integrate all the relevant stakeholders who are directly or indirectly affected by economic development in a particular locality. Fray (2013:52) noted that such groups “work from an informed perspective of the challenges, towards constructing a shared economic vision for the area and deciding on goals, objectives, programmes, projects and action plans”. This reiterates what was earlier emphasised, i.e. that social dialogue also has the mandate of influencing decisions or policies based on shared socio-economic vision. This results in greater coordination of LED matters at the local level and the accountability of both local government and civil society.

The stakeholder groups are best divided in terms of their specific sectors, and interaction with other sectors is done in the name of information sharing and exchange. This could result in “structures for formal and informal business or there could be structures that deal with town or

rural economic issues. It would also be useful to have a skills group which gathers information from the different sector groupings and collates the various skill needed across the economy” (Fray, 213:52). The list could go on to include educational institutions, artisans etc. The set of skills and resources that all these participants bring to the table could be foundational for the success of LED at all levels.

Effective development agencies are linked by a strong ability to engage with both the public and private sectors, as well as the ability to build common developmental objectives and partnerships with local stakeholders. All of this is done through a consultative process (Nene, 2015). In this instance, social dialogue enables the establishment of common developmental objectives by being the link between private and public sector developmental goals. According to the DPLG (2008:17a) “In order to ensure successful ongoing LED process, the municipality must have institutionalised a process for continual engagement with stakeholders. Other than an agency, or in addition to the agency, depending on its services, a LED Forum is a possible structure for this ongoing consultation. The LED forum can also act as an informal sounding board for LED initiatives and may even provide formal approval of LED interventions. Since in practice a LEDA will never be able to include”.

Challenges that are often cited as being barriers to the creation of efficient development agencies include a lack of skills, poor capacity building and a lack of entrepreneurial culture. These challenges can be better addressed through a partnership between development agencies, local municipalities and the local chambers of commerce. The partnerships that should emerge from such structures would be maintained by the willingness of different institutions to capacitate future entrepreneurs with the necessary skills and mentorship.

3.6 Conclusion

This chapter has looked at the literature on local economic development in South Africa and specifically the role of development agencies. It is within these boundaries that this research views the role of development agencies to be an economic development mechanism of cooperation. This cooperation is fostered through the use of social dialogue, which in turn is done through the formation of partnerships with communities, the business sector etc. in the

name of LED. However in order for this development to fully take off, communities have to arrange themselves for local economic development. Development agencies, as institutions of enhancing economic development, play by far the most important role of local government in a development state, and are thus the custodians of social dialogue. This is because they play roles such as developing the economic potential of the area and arranging communities for local economic development. They can even go as far as supporting the efficiency of enterprises with the chambers of commerce and attracting investment into areas.

The following chapter will assess the use of social dialogue at the local level and integrate this with LED matters. The chapter further looks at the theoretical and practical sense of the role of social dialogue at the local level.

CHAPTER 4: THEORY AND PRACTICE

4.1 Introduction

This chapter highlights the importance of social dialogue at the local level, specifically focusing on the different roles that institutions have to play in driving economic development, and brings the theoretical framework of social dialogue and participatory governance into the practical world of LED. It is grounded in the view that social dialogue is the mechanism of participatory partnerships, due to its principles of common developmental objectives and joint problem-solving and decision-making. For this reason, the institutionalisation of social dialogue can strengthen institutional arrangements for LED. This chapter will use the case studies of Ghana and Nepal to show how economic opportunities in the informal sector were leveraged through the institutionalisation of social dialogue. It also looks at various ways that the ILO fosters LED at the local level from a social dialogue perspective. Through the institutionalisation of an inclusive social dialogue, equitable economic growth and social cohesion can be achieved because all stakeholders are important in the process of harmonisation. This chapter further points out that social dialogue can help promote more critical thinking and engagement on LED matters, and also go a long way in strengthening the implementation and oversight of LED institutions and their various stakeholders.

4.1.1 Social Dialogue as a Participatory Mechanism of Partnerships in LED

With the increasing emphasis of LED in South Africa and the rest of the world, has come a call to strengthen institutional arrangements for LED (DEDEA, 2013; SALGA, 2014; DPLG, 2008; DPLG, 2002). The South African government has devised programmes to capacitate local government authorities (especially LED practitioners) with essential skills such as project management, monitoring and evaluation (M&E) (SALGA, 2014; SALGA, 2011). This has been done in the name of strengthening institutional arrangements for LED, however more emphasis must be placed on other institutions such as communities, civic organisations, and the informal sector. A mechanism of integrating these institutions is needed to create effective communication and to identify common developmental objectives between all local level actors.

In light of this, social dialogue has emerged as a mechanism of aiding the process of creating successful partnerships between the private, public and civil organisations (ILO, 2014; Economic Development Department, 2015; Gasser, Salzano, Di Meglio, and Lazarte-Hoyle, 2013; Bridgford and Carls, 2012). This is because social dialogue invokes the incorporation of all stakeholders when dealing with LED matters, which results in strong partnerships that are grounded in social cohesion and inclusive economic growth and development (Gasser *et al.*, 2013; ILO, 2014; Fashoyini, 2004). This chapter will point to the fact that social dialogue needs to be institutionalised as a participatory mechanism to strengthen LED.

4.2 Local Economic Development from a Social Dialogue Context

There is a general consensus that local government has emerged as the key player in LED matters (Fray, 2013; Rogerson, 2009; van Empel, 2008; Bond, 2003), because LED emerges out of joint-planning by the local government, the community and business (Fray, 2013). LED has multiple definitions but can be defined overall as:

“a participatory development process that encourages partnership arrangements between the main private and public stakeholders in a defined territory, enabling the joint design and implementation of a common development strategy, by making use of local resources and competitive advantages in a global context with the final objective of creating decent jobs and stimulating economic activity” (Gasser *et al.*, 2013:30).

The most notable emphases in this definition are the encouragement of partnerships between public and private institutions and the use of local resources to stimulate local economic potential. These key players should drive the vehicle for collective vision, community action, and collaboration, and for broader stakeholders to input the direction for LED (DPLG, 2008; Geyer, 2013). The end result that is most hoped for in this process is the creation of sustainable jobs and the improvement of socio-economic conditions.

However, LED from a social dialogue perspective takes a step further. LED is seen as a:

“strategy for employment promotion through micro and small enterprise development, support of social dialogue and development planning. At the center of the approach is the creation of public-private partnerships that bring together stakeholders in the local economy, including representatives of regional

and local government, employers' and workers' organizations, Chambers of Commerce, cooperatives, producers' associations, women organizations and other NGOs" (ILO, 2015).

This definition incorporates social dialogue as a mechanism that is supposed to carry out the dialogue on LED matters. This is because, for the International Labour Organization (ILO), LED is not just limited to economic growth, but is a development approach that incorporates the use of dialogue as a participatory mechanism to improve the relationship between the government, public, and private (ILO, 2015). This dialogue is thus a process that is reinforced by all local stakeholders through a participatory process.

The essence of the social dialogue approach to LED is that it emphasises the institutional integration of the social, political and economic realms at the local government level (Gasser *et al.*, 2013). In turn, these dimensions bring about social inclusion and encourage inclusive economic growth. This is of utmost importance in the contemporary era of massive inequalities, globalisation and climate change. More than anything, South Africa's socio-economic dimension (as the most unequal society in the world) requires the integration of social, political and economic partners in the name of LED. Growing poverty makes it necessary for institutional integration to occur for the betterment of socio-economic conditions (Gibson, 2013).

It is important that there is a dialogue about LED matters, because social dialogue brings together relevant stakeholders who are concerned about the matter at hand. As observed by van Empel (2008:182), social dialogue creates a conducive environment for "common objectives, consultation, and negotiation, exchange of information, joint-problem and decision-making between multi-parties". Thus social dialogue presents itself as a participatory mechanism that is focused on improving the means of engagement between different stakeholders, or simply as a mechanism of stakeholder relations. More than anything, it is a mechanism that has to be institutionalised.

The use of social dialogue as a means of strengthening institutional arrangements for a better LED has many benefits, such as creating decent opportunities for all stakeholders to partake in development matters and the development of common developmental objectives (Rogerson,

2010). The most essential benefits of social dialogue include the ability to address immediate social and economic issues, to foster good governance, continuity (stability), and the creation of inclusive economic growth (van Empel, 2008; Rogerson, 2010). All of the abovementioned potential benefits have a direct impact on the success of LED if a participatory process is initiated and all stakeholders are represented.

What has been discussed thus far is the need to organise stakeholders in order to create partnerships between the public, private etc. Social dialogue has been identified as the mechanism of economic cooperation at the local and regional level between all actors who have a stake in LED matters. It is in this regard that an inclusive social dialogue comes to play in integrating all stakeholders in matters of LED. Social dialogue should not be conflated with partnerships, however; it should be viewed as a mechanism that fosters effective partnerships amongst all relevant stakeholders. In other words, it should be viewed as a mechanism that fosters partnerships.

4.3 The Need for Institutionalisation

The need to institutionalise social dialogue is driven by the importance of understanding that an “effective and sustainable local economic development has been associated with the emergence of strong local partnerships, bringing together key stakeholders – from both private and public sectors – along with community interest groups” (Eastern Cape Economic Development Department, 2014:4). Strong institutions and organised structures are key in informing development initiatives, informing policy formulations from a social dialogue perspective, and coordinating the development efforts of LED (Anyonge *et al.*, 2013), hence the institutionalisation of social dialogue is for this purpose, as well as to aid the less represented (ILO, 2015; van Empel, 2006).

To institutionalise social dialogue means more than just encouraging people to partake in an LED dialogue; it means the establishment of social dialogue as a new convention for a participatory approach to development matters in order to improve efficiency. For example, “In order to ensure a successful ongoing LED process, the municipalit[ies] must have institutionalized a process for continual engagement with stakeholders” (DPLG, 2008). This is to

say that communities have to see themselves as owners of LED initiatives, rather than as receivers. This holistic view recognises that it is only through the democratisation, decentralisation and emergence of a strong community as a partner with businesses and government that a successful and inclusive LED can be realised.

The most important aspect of engagement in relation to South Africa is the relationship between the government and the private sector, as there is a massive gap between these two institutions which often proves detrimental to the process of social dialogue (Baccaro and Heeb, 2011). The consequences of the lack of formal engagement between established businesses and new government-funded initiatives or co-operatives often lead to the downfall of LED projects, as they are left without investment or a strong economic partner (ILO, 2015). The lack of engagement between the private and public institutions undermines the need for stronger linkages between the business community and the government, because these two entities see themselves in isolation from one another which makes the process of institutionalisation impossible.

This is seen in that inasmuch as there are chambers of commerce and development agencies, the relationship between local government and business is still not as completely effective. For this reason, the institutionalisation of social dialogue as a mechanism of economic cooperation between the public and private is the first step in addressing such problems. Ratnam and Tomoda (2005:45) indicated that “the role and success of local government depends to a great extent on the enabling dialogue environment provided by national and/or regional government... ensure the implementation of dialogue outcomes such as adjusting regulations, allocating resources according to concerns raised and linking up with national policy makers”. In this case, social dialogue becomes the intermediary between the two institutions that are supposed to have the common goals of improving socio-economic conditions and bringing about much needed inclusive economic growth. As already pointed out, South Africa seems to be particularly in need of social dialogue due to the nature of growing inequity and poverty.

Communities are also important drivers of LED and there is a need for them to be further capacitated in order for LED projects to be sustainable. Communities as representatives of

community needs have increasingly become important in influencing pro-poor policies in the midst of growing inequality (ILO, 2015). Traditional authorities are also important players in LED as they often control access to land and still hold positions of authority in rural areas (van Empel and Werna, 2010). According to Fray (2013), South African economic communities are divided into three types - rural areas, town and cities. All of these can be integrated in order to build an inclusive economy; there is economic potential that has to be tapped into within all these economies, and it is important that local stakeholders be at the forefront of these processes. The local government should thus be engaged in a social dialogue with communities in the name of LED. Communities also need to establish themselves as key players in LED matters and community leaders must lead economic functions (Fray, 2013). It is through such a participatory process that inclusive economic growth can be achieved.

4.4 Which Institutions are Key?

The institutional mapping process is vital as it identifies the different stakeholders and the roles that they are equipped to play in a social dialogue (DPLG, 2008). Various structures and institutions make up the list of key stakeholders that play a crucial role in LED and the social dialogue associated with it, ranging from civic organisations to businesses and organised communities. It is key that informal businesses are also integrated into the social, political and economic dimensions of social dialogue on LED matters, as the essence of institutionalisation is the promotion of inclusive dialogue on LED (International Fund for Agricultural Development, 2013).

These institutions have to be represented with the mandate of participatory governance and social dialogue. This can be done through the stages of social dialogue - consultation, information sharing, negotiation, joint problem-solving and joint decision-making (ILO, 2015). This means that it has to be understood that it is compulsory to involve stakeholders in the development plans of the locality. The argument for this is that social dialogue as a mechanism of economic cooperation minimises the risk of economic conflicts and also promotes social cohesion and stability (Gasser *et al.*, 2013). This also helps in building trusting relationships between the local government and all the relevant stakeholders.

The fact that social dialogue enables a conducive environment for local actors means that the facilitation of development matters can also be promoted successfully. Gasser *et al.* (2013:30) noted that “The design and implementation of a bottom-up strategy further guarantees the most suitable solutions for the local needs and is a warranty for the sustainability of the development process”. The pro-poor strategies that are promoted in this process make it possible for grassroots communities to institutionalise social dialogue, because it speaks to their needs and thus should take charge of development matters with other local stakeholders.

4.4.1 Public-Private Partnerships

The integration of the public and private in LED matters creates space for an enabled environment for LED. It cannot be that only the interests of the public are promoted, nor can it be that only the interests of the private sector are promoted; there has to be mutual duality in order for the two to coexist in terms of partnerships. This is where the case of public-private partnerships are most useful in shaping the social and economic needs of the two institutions (ILO, 2015; Rogerson, 2010). Through an institutionalised dialogue, the two can foster effective local economic development that is complemented by inclusive economic growth.

Cooperation between public and private institutions is key in the development of commercial linkages between all local actors (Gasser *et al.*, 2013). The chambers of commerce can assist with information on topics such as labour demand and on challenges that are experienced in the business environment, and can also act as joint-implementing vehicles of the dialogue outcomes (van Empel and Werna, 2010). This could yield more success (in LED projects) in that the coordination of development mandates is treated with the aim of forming partnerships from two or more parties, which promotes the sustainability of activities. The mobilisation of local resources in an effective manner in public-private institutions also yields higher returns and an improvement in socio-economic conditions (Gasser *et al.*, 2013). Higher returns influence the social, political and economic dimensions of the relationship between local actors.

Public-private partnerships work together to stimulate governance, which signifies the move from local government to local governance that is driven by all local stakeholders. This is

essential in that it influences the rightful distribution of resources and is therefore vital in the creation of sustainable development mechanisms (Gasser *et al.*, 2013). This results in the institutionalisation of social dialogue as a mechanism that fosters the public and private sectors to have greater commonality in development objectives such that they are more people-centred. The act of institutionalisation thus results in flexibility and harmonises the relationship between the government and private sector. Such results can be effectively achieved if social dialogue is institutionalised by the various local actors.

4.4.2 Community and Partnerships

The failure of strengthening community arrangements for LED has resulted in many failed LED initiatives in South Africa (SALGA, 2011). This view is based on the assumption that LED is meant to build the economic capacity of the locality. This might be labelled as a failure of community development and that such a failure affects the sustainability and economic viability of projects, however that argument reveals the blind side of a reductionist view as it only draws parallels between LED and community development. The bigger picture is that communities also have to organise themselves to act as joint drivers of LED projects if LED is to be effective. This view is thus negated by the reductionist view in its attempt to limit it to an undefined territory. This is why the Municipal Act of 2000 emphasised the role of ward committees in capacitating local people, especially from rural areas (Municipal Act System, 2000).

Communities, especially rural communities, are vulnerable to misinformation because there is often no degree of information exchange. Overcoming such challenges often requires that the linkages that do exist between the formal and informal sectors and communities be leveraged. Van Empel and Werna (2010) cited that organised communities or civil societies contribute to a lot of information and new outlooks that can be easily missed by other institutions. For this reason SALGA (2011) emphasised that for LED to be a success, it has to be a joint partnership project between the public, private and civil society. In this regard, an organised community has to align itself along with its economic potential, set its own development agenda and try to get people interested in its businesses (Fray, 2013). The next step would be to form partnerships with the business community, because businesses communities are organised or managed within

communities and the relationship between a community and its business community has to be harmonious.

4.4.3 The Informal Sector

In his paper, *Social Dialogue for Urban Employment*, Van Empel (2008) argued that inclusive social dialogue is the first mechanism that has to be utilised in tackling poverty. This is because of the growth of the informal sector and its ability to impact poverty reduction positively. The emphasis on inclusive social dialogue in the informal sector is driven by the ever-growing role of the informal economy. According to van Empel:

“Economic development in developing cities depends largely on the informal economy where micro and small enterprises are predominant. Hence, municipal authorities have a vested interest in upgrading small businesses. This puts, together with ongoing decentralization processes and the widespread concern for good governance, increasing pressure on municipal authorities for ‘home-made’, bottom-up responses to economic development challenges, which are based on consultation with other stakeholders” (2008:181).

The recognition of this phenomenon makes it necessary that an inclusive social dialogue be adopted to include ‘informal’ stakeholders, as they play a key role in bettering socio-economic conditions.

In addition to this, van Empel (2008) added that the informal economy has to have a representative voice in development matters through promoting an inclusive dialogue and inclusive economic growth. The informal economy is “the unofficial part of the economy whereby many people are forced to live out a meagre economic existence through lack of formal job opportunities. This sector of the economy, which evades income taxes and circumvents labour laws, now represents over 30% of SA’s potential workforce and is the fastest growing sector” (iLembe IDP, 2015:91). The need to institutionalise an inclusive social dialogue is therefore a vital mechanism through which typically voiceless sectors are able to engage with other stakeholder groups in a meaningful way. This is what is meant by creating an inclusive social dialogue that is driven by local stakeholders.

Social dialogue, as a participatory mechanism of partnership, integrates all the above mentioned stakeholders in the name of economic development. Cross sectoral dialogues between the formal and informal economy can take place to enhance information sharing and possibly lead to the formalisation of the informal sector. The informal sector can also learn better practices (such as business and financial management) from the formal economy. The local government as the facilitator of social dialogue can also help by providing spaces for such dialogues to take place.

4.5 Success Stories of Private-Public Partnerships

There are various successful cases of private-public partnerships from a social dialogue perspective that can be cited, including Ghana, Mozambique, Nepal and Malawi, all of which are steered by the ILO. For the purposes of this paper only the examples of Ghana and Nepal will be considered to show ways in which the ILO uses social dialogue to foster LED. This is because these case studies are aligned with the theme of this paper, i.e. the institutionalisation of social dialogue through the informal sector, right-skilling and private public partnerships, and they are current examples of the impact of institutionalising social dialogue with the aim of improving LED and socio-economic conditions.

4.5.1 The Case of Ghana

The case study of Ghana is one that goes to the heart of institutionalising social dialogue with the aim of fostering an integrated LED system. As observed by Bridgford and Carls (2012), social partners can use social dialogue to influence the outcomes of policies by either taking part in a consultative process or decision-making, or by helping administer the impact of policies. In Ghana, this was done through the ILO's ability to lobby and influence economic policies in order to maximise the effects of LED projects (Di Meglio, 2014). This is the foundation phase of social dialogue and the work of social partners in addressing socio-economic conditions.

The Ghana Decent Work Project emerged through the formation of independent LED forums in eight regions in order to improve the working conditions of workers in the informal economy (Di Meglio, 2014). This ended up being a joint initiative between the ILO and the government of Ghana with the aim of fostering LED, which started off as a local project but ended up being a

national project that created an impact across the country's informal economy. Ghana's informal sector plays by far the most important role when it comes to employment in the country, hence a forum of such magnitude was needed in order to foster stability in the informal economy.

The project was grounded on characteristics that were meant to create a sense of ownership and participation from all stakeholders. These included (Di Meglio, 2014):

- The promotion of local interests through local ownership and commercial independence by enabling the local people with skills rather than giving them direct funding.
- The empowerment of local social partners to create an LED approach that is informed by local cultures and values, creating space for the development of public-private dialogue and sustainable partnerships.
- The facilitation of well-managed mechanisms of access to financial opportunities through engaging with local financial institutions to help support small businesses that had economic potential.
- The joint use of public facilities and resources and the influence of social dialogue in policy formulation enabled the institutionalisation of LED forums together with the local authorities.

Thanks to the ILO's introduction of social dialogue, the creation of self-sustaining LED forums and the facilitation of financial opportunities through information exchange and consultation, LED projects were seen as a success by the national government and resulted in the formation of a LED national policy (Di Meglio, 2014). This attracted interest from many institutions and is now a part of the curriculum for local authority officials. This, more than anything, shows that the case study of Ghana is a model to look up to.

The partnerships and trust between public-private institutions in Ghana is growing and there is ongoing engagement about the importance of the informal sector in LED, with the government ensuring that all social partners participate meaningfully. This is also evident in that the Ghanaian government has institutionalised LED from a social dialogue perspective; the guide

that is being used in the country is a model of LED that Ghana learned from the ILO between 2002 and 2009 (Di Meglio, 2014).

If there is one important lesson to take away from the case study of Ghana, it is that partnerships between all stakeholders (communities, government, and businesses) can be used to leverage opportunities and the economic potential in the informal sector. Given that the informal sector in Ghana contributes the most to employment, this truly shows the merits of LED. The scope of achievement can be used to show that LED is not only limited to a locality's natural resources, but rather to its people and their ability to enhance economic capacity. This is to say that the most important resource that each locality has at its disposal is its people, and the right-skilling of people can help improve the efficiency of LED initiatives.

4.5.2 The Case of Nepal

Nepal's history has long been one of political and historical conflict, which has led to many people being dispersed and some being marginalised (ILO, 2015; Di Meglio, 2014). The ILO played a crucial role through its projects to stimulate economic potential and growth in two regions of Nepal, which led to employment creation and encouraged a greater stability within the region (Di Meglio, 2014). The region is said to have had a "significant share of landless and other marginalized groups, high emigration, and weak capacity for planning, coordination and implementation of pro-poor development initiatives" (Di Meglio, 2014:4), however with the help of the ILO and partnerships between various private and public institutions, these circumstances were overcome.

The projects in Nepal were grounded on the theme Employment Creation and Peace Building based on LED. The projects were funded by the International Netherlands Cooperation under (NICP) with ILO and local representatives (public and private) as the implementation partner, with a fund of US\$ 3 million (ILO, 2015). According to the ILO (2015:1) "The main LED action programmes [we]re focused on: (1) capacity building for the Forum members and the MoLD to sustain and expand LED process momentum in the target Districts and other areas of Nepal; (2)

job creation through value chain upgrading in tourism and food products; and (3) encouraging entrepreneurship and a culture of enterprise through LED radio programming”.

Through institutionalising social dialogue, the ILO was able to achieve remarkable results such as skills development within these regions. The approach that was used to institutionalise social dialogue emphasised the activism of the local people in an inclusive manner. The process included (Di Meglio, 2014):

- The development of a wide-ranging LED forum in each region. This created a conducive environment for public-private dialogue on LED matters. The public-private partnership coordinated the dialogue with the aim of fostering pro-poor development strategies.
- The promotion of skills development and skills exchanges for people to be marketable.
- A functioning chain of connections for local tourism and agricultural sectors.
- The creation of a dialogue between financial mechanisms and the local people for the creation of effective value chains.
- Improved access to markets through reindustrialisation.

All these projects were conducted in an integrated manner that meant all local stakeholders played a key role. The initiatives yielded much needed results by producing two tourism centres and a locally owned production company (Di Meglio, 2014), while all the goods that were produced involved different stakeholders from different sectors. This highlights the importance of partnerships, as it took many different sectors to boost the LED of that particular locality.

The case of Nepal can also be used to show that skills gaps can be overcome through social dialogue and integration. This is because every stakeholder brings a set of skills or resources to the table and the exchange of these lays a foundational structure for the success of LED (Fray, 2013); the more skilled the people are, the better the chances of them being hired or starting their own businesses. In addition, the more skills that are available, the more chances there are of innovative ideas and decent jobs being created, as seen with the skills exchange programme that

was encouraged in Nepal. The act of nurturing people for the right types of work (right-skilling) is key. The financing of value chains also plays an important role in leveraging opportunities for the economic potential that exists (DPLG, 2008).

4.6 LED Forums and Social Dialogue

LED forums in South Africa are not social dialogue forums, but are rather vehicles for municipalities to showcase LED projects that they have or are planning for. These projects are mostly aligned with municipal mandates and include cooperatives. LED forums in South Africa do not include different sectors that have organised themselves and are given opportunities to present what they have come up with in the name of LED. While South Africa adopted a National Social Dialogue Framework in 2011 (EDD, 2015), it still remains that social dialogue has not been experienced at the local level. This must change if stronger partnerships are to emerge between the public, private and civil society in the near future.

The institutional arrangements of strengthening LED have a direct implication on the social, political and economic dimension of institutional integration. This is why LED forums can be strengthened by tackling them from a social dialogue perspective. This is to say that LED forums should not only be limited to the municipal level; business communities are supposed to have their own social dialogue and integrate it with that of the municipality. LED forums can be used as a social dialogue vehicle for ongoing engagement and consultation for all stakeholders (DPLG, 2008). Cross sector dialogues are supposed to take place because no business works in isolation - there is an ecosystem of businesses and municipalities and various opportunities that have to be tapped into. If the end result that is hoped for is inclusive economic growth, then there should be an integrated LED forum that informs the LED strategy and plans of a particular locality.

4.7 Conclusion

This chapter has argued that there is a need to institutionalise social dialogue in order to form an effective partnership between the public and private. It has identified social partners or stakeholders as the local community, civil society, business community and local authorities. In

addition, local government has been identified as the custodian of any social dialogue because of its role in creating a conducive environment for a successful and legitimate social dialogue. Yet a social dialogue should not only be limited to the local government heading it; other sectors need to have their own social dialogues and align common development agendas in the localities or regions.

The institutionalisation of an inclusive social dialogue as a participatory mechanism would contribute positively to the greater institutional arrangements of LED. The case studies of Ghana and Nepal show what can be achieved through the institutionalisation of social dialogue as a mechanism of effective partnership. Its impact can be seen in that Ghana has institutionalised social dialogue within its local government framework, and it has empowered Ghana's informal economy and contributed to the reduction of poverty. This is what is meant by leveraging economic potential in the informal economy (through creating a conducive environment for informal workers and businesses). On the other hand, right-skilling people also yields success, as seen in the case of Nepal.

The following chapter will look at the research methods and methodology that was deployed in this study to achieve its desired goals.

CHAPTER 5: RESEARCH METHODOLOGY

5.1 Introduction

This chapter provides a detailed account of the methods applied in this research study. It also goes on to provide justifications for choosing the methods that were used and why they are key in this study. Research methods, according to Rajasekar, Philominathan and Chinnathambi (2013), refer to the techniques, procedures and processes that the researcher undertook in conducting the research, which includes data collection techniques. Meanwhile, research methodology refers to the systematic mechanisms that are put in place to get to the core of the problem being addressed by the researcher.

5.2 Definitions of Research Methods

5.2.1 Qualitative Research

Research methods can be qualitative or quantitative. Qualitative research is “concerned with developing explanations of social phenomena. That is to say, it aims to help us to understand the social world in which we live and why things are the way they are” (Hancock, Ockleford and Windridge, 2007:6). Qualitative research is understood to be a research method that is explanatory of a phenomenon that is being studied with the aim of developing a clear descriptive picture of what is being studied. In this regard, it is oriented on how people understand or interpret what they experience (Maree, 2007).

Qualitative research is informed by people’s cultures and thus requires the researcher to be more attentive. As a result, qualitative research is in-depth in its description of the phenomenon being studied. This is especially so in that qualitative research is more epistemological (in that it deals with the meaning that we have come to ascribe to cultures, human behaviours etc.). Creswell (2014) argued that qualitative research seeks to explore and comprehend what individuals or groups have constructed in their realm. This was further emphasised by Maree (2007), who observed that qualitative research has to do with the behaviour of individuals, groups or systems

with the aim of understanding why a certain behaviour or norm is ascribed to environmental patterns.

5.2.2 Quantitative Research

Quantitative research is based on a relationship between dependent and independent variables. These variables are represented through numerical relationships in order to quantify dense information. Quantitative methods are widely used to study relationships and to simplify such relationships into numerical order. This is why quantitative methods are informed through questionnaires, ratings scales, tests, and measures (Stone-Romero, 2004). The difference is thus that qualitative research presents results in a descriptive or explanatory manner, whilst quantitative research presents results in graphs, charts, diagrams, etc. (Creswell, 2014).

5.2.3 Mixed Method

More recently there has been increasing use of a mixed method approach, which is one that utilises both qualitative and quantitative approaches. The most distinctive difference between the two methods is that the former uses numbers, graphs and tables, whereas the latter is strictly limited to explanations and is not graphed, as it deals with the nature of things through investigative questions. In mixed methods, these are combined. According to Creswell, “mixed method research is relatively new in the social and human sciences as a distinct research approach...it involves the collection of both qualitative (open-ended) and quantitative (close-ended) data in response to research questions or hypothesis” (2014:217).

It could be argued that the mixed research method emerged as the most used in that it is more conclusive due to the mixture of numbers and explanations. Spector (2005) noted that in as much as qualitative research methods can be a substitute for quantitative methods, the use of both is recommended if the researcher seeks to understand the issues better. This is because the reduction of research methods to one or the other leaves a big gap in information that can easily be filled by using mixed methods, therefore mixed research methods have come to be commonly used in order to depict both side of the research.

5.3 Research Methodology and Research Design

Qualitative research provides the researcher with descriptive tools that go in-depth in a study (Creswell, 2014). As already pointed out, qualitative research deals with the explanatory phenomena of human behaviour. Qualitative research was chosen for this study due to the nature of the research topic (social dialogue), as it deals with human interaction and the participation of stakeholders in a dialogue on local economic development matters. As a result, qualitative research provided space for the researcher to get a better understanding of the phenomenon under study (Maree, 2007).

5.3.1 Types of Research Design

Qualitative research questions refer to “interrogative statements that raise questions about the relationship among variables that the investigator seeks to answer” (Creswell, 2014:247). The use of qualitative research, according to Taylor and Bogdan (1998), started being widely used in the 1970s and introduced the use of an interdisciplinary approach. Despite being mostly used by sociologists and anthropologists, qualitative research has also been used in disciplines such as industrial psychology, philosophy, and many more disciplines in the human social sciences field (Taylor and Bogdan, 1998; Creswell, 2014). This shows the significant role that qualitative research has come to play in social science due to its nature of enabling the researcher to fully describe the phenomenon being studied.

The qualitative research design approaches that are used the most include narrative research, ethnography and grounded theory (Creswell, 2014). These approaches will be discussed in detail in order to get a clear picture as to how they work and why they best fit qualitative research design. Different research designs can be used to make sense of a study, however this does not mean that one research design is better than another - it only means that a researcher deploys a kind of research design that will best suit their study and yield the best results as possible. The various research designs include:

- Narrative research is a historical research design where the researcher gathers information about the life of an individual through probing questions to get a picture

of the lived experience (Riessman, 2008). The information that is gathered is told or presented as a storyline from a narrative perspective. The information has to be represented as it was told in order to give a coherent picture.

- Ethnography is a research design that is informed by anthropology and sociology, i.e. the researcher studies the collective similarities in individual or group behaviours (especially settings such as culture and language). Observations are the best way to conduct this type of research design in that the researcher has the chance to observe, for example, cultural practices, and would be able to compare and contrast information. Interviews can also be beneficial if the researcher wants in-depth information that will be crucial to the interviews (Creswell, 2014).
- Case studies are another type of research design that have come to be commonly used in the 21st century. In case studies, the researcher seeks to gather in-depth information about the phenomenon that he or she is studying. This can be a case study of a group that shares similar patterns or an organisation. The researcher collects data from the group or organisation that is being studied in order to understand and make an analysis of the phenomenon that is being studied.
- Grounded theory is a type of research design that is mostly associated with sociology, where the research is informed by the views of participants in order to make sense of a theory, action or interaction (Creswell 2014; Charmaz, 2006). In this type of research design, the researcher seeks to make sense or tie the views of participants with a theory or actions over time. It is essentially confined to the interrelationship that exists between the participants and the theory at large that the researcher is interpreting from the views of participants.
- Phenomenological research is informed by philosophical underpinnings; the researcher studies existentialism or the lived experiences of people in relation to the phenomenon the researcher is studying (Creswell, 2014). This means that the research is underpinned by the shared experiences of certain individuals. The researcher needs to conduct interviews in order to gather the in-depth information that he or she is looking for.

A qualitative research design was chosen for this research due to the fact that it sought to get more information from participants who share the same mandate (the economic development of

the iLembe District). A case study approach was used as it helped limit the sampling to the most important actors in LED. Qualitative research was best for this research because the researcher was looking for in-depth information about the level of participation and cooperation between stakeholders in the name of LED.

5.4 Data Collection Techniques

This section outlines all the important sources of information that were utilised for the purpose of this research project. This includes primary and secondary data techniques that were involved in collecting information. Data collection methods include interviews, focus groups, Delphi studies, and participant-observer research, to mention a few (Luana-Reyes and Anderson, 2012). However, qualitative research has three main methods of data collection - interviews, direct observation and written documents (Patton, 2002).

5.4.1 Population and Sampling

The population of the study involved officials of Enterprise iLembe as the base of the case study. These officials were selected for the pivotal role they play in the economic development of the greater iLembe District. ILembe District officials were also selected in order to present their role in the economic development of the district and the way communities are integrated into LED matters. The ILembe Chamber of Commerce was also used as a representative of private businesses in the district. One SALGA official was included in order to find out the role the association plays in supporting municipalities in capacity building and in ensuring that the municipalities' economic needs are well looked after. The population of the study was thus mostly to be found in the iLembe District, with one official from the provincial SALGA offices.

Purposeful sampling was used to identify respondents who formed part of this research. This sort of sampling was used because it is “widely used in qualitative research for the identification and selection of information-rich cases related to the phenomenon of interest” (Palinkas, 2013:1). Enterprise iLembe, as the development agency, was identified as the custodian of social dialogue, therefore the officials are at an advantage of having the necessary LED information and are required to share it with the communities. Purposive sampling is informed by people who

share a common experience (common duties in the case of an organisation), and the information they have help shape a study. This ensures that there is adequate representation of different institutions in forums.

The fact that purposive sampling mainly identifies people who have information about a particular case study justified the researcher's interviews at the iLembe District Municipality, which represents the collective interests of the local municipalities and houses the inter-governmental (IGR) office that integrates all local municipal matters. It was useful to interview participants from that office with the view of finding out how LED forums are conducted and if they are open to an inclusive forum, as the officials are in a position to influence social dialogue as a mechanism of participatory partnership during LED forums. The planning and public participation departments were also as important in that planning should include all stakeholders. Similarly, the views of the chamber of commerce was equally important to get a picture from all stakeholders.

The South African Local Government Association (SALGA), as the body that looks after and supports municipalities, also made a significant contribution to this research. The Economic Development and Planning Unit is directly involved in assisting municipalities and development agencies' design development objectives that are fully inclusive. The sample population of SALGA was thus limited to officials that are involved in the planning of development objectives that municipalities and development agencies have to meet. Additionally, the interaction between SALGA and Enterprise iLembe was examined, as was whether the development agency was meeting its primary objectives.

All the above mentioned actors were sampled because of their role in the economic development of the district and the rich information they could provide about dialogue on local economic development. All these actors are important in steering the direction of economic development in the district, especially in ensuring that inclusive economic growth is being pursued.

Table 5.1: Interview Schedule and Respondents

Interviewee Number	Date	Entity
R1	Informal Interview	Enterprise iLembe
R2	20/07/15	Enterprise iLembe
R3	02/07/15	Enterprise iLembe
R4	02/07/15	Enterprise iLembe
R5	02/07/15	Enterprise iLembe
R6	02/07/15	Enterprise iLembe
R7	08/07/15	iLembe District
R8	08/07/15	iLembe District
R9	08/07/15	iLembe District
R10	08/07/15	iLembe Chamber of Commerce
R11	08/07/15	iLembe Chamber of Commerce
R12	13/08/15	SALGA

Table 5.1 shows the list of participants that took part in the study, the dates they were interviewed, and the organisations or institutions they work for.

5.4.2 Data Sources

Qualitative research has three main methods of data collection - interviews, direct observation and written documents (Patton, 2002) – but there is a final method that was not mentioned by Patton, i.e. audio and visual material. According to Creswell (2014), audio and visual material is data that are comprised of pictures, recordings and websites, while interviews take place when the researcher asks questions to a participant or group of participants with the aim of attaining information relating to what is being studied (Kvale and Brinkman, 2009). Observations, on the other hand, occur when a researcher goes out into the field to take notes on a group of people by observing their behavioural patterns. This might include the researcher sitting out and watching everything as it happens, or the researcher being a part of a specific group. Documents may come

in the form of newspapers, government documents etc., and assist the researcher in acquiring more information about what he or she intends to study.

The secondary data that was mostly utilised revolved around the concept of social dialogue and the development state, and their role in addressing socio-economic matters, the formation of cooperatives, the stages of a successful social dialogue and what makes a successful development state. The advantage that documents have for the researcher is that they save time and mostly contain stored information that the researcher is looking for (Creswell, 2014). Secondary data were also used when looking at Enterprise iLembe and all the municipalities that fall under it, as well as the status of local economic development in these municipalities. Documents, especially reports (IDPs) from the iLembe District and Enterprise iLembe (annual reports), were used for gathering all the relevant information about these local municipalities and their district municipality.

5.4.2.1 Interviews

Primary data were collected in the form of interviews because they are more useful in case studies and in getting the best out of the participants. Qualitative interviews occur face to face, telephonically or in focus groups where the researcher is able to ask questions to one or more participants (Kvale and Brinkman, 2009). The interview questions must be straight to the point and be aligned with the research questions and objectives if the research is to have a coherent structure (Hannabus and Gordon, 1996). The most important factor about interviews is that they allow the participant to share all the information that might be missed in observations or might not be contained in documents. The qualitative research questions also take the form of open-ended questions in order to get as much information as possible from participants (Creswell, 2014).

Semi-structured interviews were conducted as this kind of interview does not follow a set of structured questions, but leaves an open space for new ideas and questions to emerge out of the interview. Semi-structured interviews are key in that they allow the participant or participants to give a clear account and they are able to mention other themes that might emerge as being key in the study. The use of semi-structured interviews is key for the purpose of opening the field to

information that the researcher might not have been aware of. Such information could thus help shape the research and produce the best information possible. The interviews were conducted in the offices of the participants and lasted between 25 and 40 minutes. Two interviews were done via email and one was done via telephone due to the unavailability of participants.

The interview questions were constructed by the researcher after looking at the literature on social dialogue and LED matters. The interviews were conducted with the LED officers of Enterprise iLembe and officials from iLembe District and SALGA. The interview questions are attached as appendix II at the end of this dissertation. The interview questions revolved around the level of cooperation between Enterprise iLembe and the key stakeholders and surrounding community of the iLembe District.

The iLembe District Municipality officials, especially the IGR department, were useful in the study as the officials were involved in mitigating the friction that existed between the development agency and the local municipalities. This is because the IGR department was in a position to closely identify a participatory mechanism that might be used to influence the level of participation in LED forums. The public participation unit was also key in that the unit is responsible for the inclusion of communities in the LED forums and mandates that the economic development department takes. This also brings to the table the role of the planning office in ensuring that a LED forum is created in order to create an all-inclusive LED growth. For this reason, SALGA also played a fundamental role as the body that is tasked with aiding municipalities to meet the demands of the people. This is to say that SALGA plays an important role in ensuring that municipalities and development agencies meet their developmental objectives in South Africa as a development state.

All interviews were conducted in English. The protocol that the researcher had set out was that if participants were not fluent in English, they would be allowed to use a language of their choice. This was to ensure that participants were able to articulate their thoughts without any barriers.

5.4.2.1 Secondary Data

For the purpose of this research, secondary data were collected from Enterprise ILembe as well as iLembe District reports, SALGA reports and ILO articles and reports. These documents played the most essential role in the research collection, especially for the chapters that focused on social dialogue and the application of social dialogue on LED matters. This is because there is a variety of information from the ILO that focuses on the role of social dialogue in LED. This is especially so in the successful case studies of Ghana and Nepal (Di Meglio, 2014). The same can be said of cases such as South Korea. The ILembe District, Enterprise ILembe and SALGA reports were also used in order to create a clear picture of the developmental objectives that have been set for development agencies and the management of LED forums.

5.5 Ethical Clearance

Ethical clearance approval was attained from the university's research office on the 21st of May 2015. All participants were notified that the university had approved the study. The ethical clearance form is attached at the end of this study as Appendix D. The gatekeepers' letters were also attained from all organisations after proof of ethical clearance was submitted.

The informed consent form is also attached as Appendix B. The informed consent letter is a template that indicates the intention of the researcher to pursue a study and is read and signed by the participants who agree to take part in the study. All the officials that took part in this study signed the informed consent form.

5.6 Data Analysis

The intention of data analysis is to study and make sense of the data that has been collected because of the volume of information. Creswell (2014) pointed out that not all the information gathered can be used in qualitative study, therefore in the analysis chapter the researcher has to narrow down the data collected and transcribe and select the most relevant data for the study. Creswell (2014) pointed out that quantitative analysis cannot disregard some information as is done in a qualitative study. In quantitative analysis the researcher has to present all the results or

information that were gathered as they are key in a statistical analysis, whereas a qualitative study has to narrow down the results into themes and subthemes that will give a clear picture of the results. Taylor-Powel and Renner (2003) pointed out that a well-presented data analysis depends on the researcher's understanding of the data. The researcher has to read the data thoroughly, or if it was recorded on a tape recorder, note down the information carefully.

Data interpretation and analysis was done through comparative lenses, which means that the study was assessed through a comparison of the findings from the responses that were acquired from the interviews and the information gathered from literature and theories (Creswell, 2014). The data from interviews were compared to reach thematic analysis, which refers to an exploration of themes that are important to the account of the phenomenon that is being studied (Daly *et al.*, 1997). For this study, collaboration between all stakeholders was the guiding theme. These themes ranged from consultation to information sharing and exchange, and participation, amongst others. The breakdown of these themes is also in line with the definition of social dialogue, as it is informed by consultation, exchange of information etc. (ILO, 2014).

Qualitative and quantitative research differ in all aspects, from research design to data collection and data analysis. Creswell (2014) stated that a researcher is able to continue with data analysis even when the interviews are not over, as the earlier interviews can be segregated into separate themes and be prepared for the final report as they do not depend on the outstanding interviews. This is contrary to quantitative analysis, where the researcher has to gather all the necessary data before finally summing up the report and its findings.

The data were coded by the researcher after a tape recorder and computer audio recorder were used to collect data during the interviews. The use of two different sets of recorders was a precautionary measure in case a malfunction happened with one of the recorders. The data were coded by the researcher so that he could familiarise himself with the results and be able to have an idea of the themes that emerged as the coding took place. This means that the researcher was able to write down an analysis during the coding process, which was included in the final report. In addition, the researcher was able to mainstream all the different themes that emerged and put the analysis in chronological order. The researcher used thematic analysis for this very purpose.

It is important that there is a coherent structure of the themes that emerge out of a data analysis. One way of doing this is through the researcher categorising information, which can be done in the following ways:

- The identification of themes or patterns that stand out during the data analysis process. These, according to Taylor-Powel and Renner (2003:2), can be “ideas, concepts, behaviours, interactions, incidents, terminology or phrases used”. The study did this through noting down all the different terminologies and concepts that emerged from most participants.
- The next step is organising the data in coherent categories that enlighten the reader about the meaning that is construed in the work. The organisation of the work in categories reveals connections that exist between themes or patterns (Taylor-Powel and Renner, 2003).
- The connections that are revealed between themes and patterns are used to elaborate on the findings of the study. This takes place after the key ideas are categorised in order to makes sense of the data that is analysed. The research took this approach as all the themes are categorised in line with the objectives of the study in the results chapter.

In the thematic analysis, the researcher sought to compress all the data collected into the different themes that emerged out of the interviews. The themes represent the key findings that were similar or different across all participants. The information was categorised in chronological order and supported by the literature on social dialogue, the role of the development state and the role of local government on LED matters.

5.7 Reliability and Validity

Qualitative validity refers to the researcher’s accurate examination of the accuracy of his/her findings. On the other hand, qualitative reliability means that the researcher’s findings are consistent throughout different methodologies (Gibbs, 2007; Joppe, 2000). It is of utmost importance that the researcher gets as accurate information as possible from the participants in order to present a good study. For example, the researcher had to examine the accuracy of the

information about the friction that existed between the development agency and local municipalities. The researcher asked all participants about the friction and all corroborated its existence, thus the researcher dealt with this by comparing the responses from the participants with the reports that are produced by the development agency and the district municipality.

Triangulation was used to build a clear picture by assessing different sources/data from participants and comparing them. Triangulation is effective in that it takes responses from different participants and seeks to unpack the accuracy of the data collected. Triangulation was used to cross-examine the issue of the confusion of the roles and functions of the LEDA and LED. This process enabled the researcher to study the different responses and all the relevant views that were collected. Creswell argued that “if themes are established based on converging several sources of data or perspectives from participants, then this process can be claimed as adding value to the validity of the study” (2014:201).

Member checking was essential in that it took the information gathered from the interviews back to the different participants to find out their input and accuracy of the data collected (Creswell, 2014). This was most useful in the cases where the participants corroborated that there is some confusion of roles and functions between the LEDA and LED units. The benefit of member checking is that it promotes accurate information because the researcher goes back to the participants to find out if the results presented are in line with what they said. This leads to the validation of the information that the researcher has collected. The IGR office was used to examine the issue (of the confusion and friction between LED units and the LEDA) at hand as its key task is to mediate all the problems within the local municipalities and municipal entities.

5.8 Conclusion

This chapter presented an overview of the research methods and techniques that were deployed in conducting this research. The use of research methods is key when it comes to creating a clear picture of what the researcher intends to do and how he intends to do it. This chapter also highlighted what the researcher did in order to obtain all the data that he needed and how he analysed it. Qualitative analysis was employed in the study and interviews were conducted with the relevant officials who play a key role in economic development. The data were recorded and

then hand coded by the researcher. The data were then categorised according to interview dates and the key information that was obtained.

The following chapter will present the findings of the study in a thematic approach.

CHAPTER 6: RESULTS

6.1 Introduction

This chapter presents the findings of the research. The aim of the research was to examine the level of cooperation between Enterprise iLembe and all the stakeholders within iLembe District from a social dialogue perspective. This is because Enterprise iLembe was identified as an economic development mechanism of economic cooperation and, and as the custodian of social dialogue at the local level. The interview questions were designed in such a way to enable the researcher to understand the role of social dialogue in LED matters in iLembe, as well as to understand the role of social dialogue in LED matters and the barriers that Enterprise iLembe is facing in its role as the facilitator and custodian of social dialogue. This chapter focuses on the major themes and subthemes that emerged out of the data analysis.

6.2 Data Analysis

The following section presents the themes that emerged after analysing the data from respondents. The themes and subthemes are summarised in Table 6.1 below.

Table 6.1: Themes and Subthemes

Theme	Subtheme
Social Dialogue	Social Facilitation
Stakeholder Partnerships	Community Partnerships Entrepreneurship Programme Swiss Partnership Chamber of Commerce Traditional Authority
Stages of Social Dialogue	Information Sharing Consultation Joint Decision-Making Joint Problem-Solving
Informal Economy	Formalisation of Informal Economy
Inclusive Economy	

LED Forums	
Barriers	Friction Demarcation Communication and Interaction
Strategies	Mediation

6.2.1 Social Dialogue

The respondents seemed to have little understanding about the use of social dialogue in LED matters. Towards the end of the interviews, the researcher had to define social dialogue from an LED perspective. One respondent highlighted that the dialogue has always been one-sided.

“Our general approach has been that we go to communities, we present to you and we leave. That dialogue is not really guided in a sense that you have just defined social dialogue to me...we rely on legislation, and legislation does not go to the actual detail of social dialogue. It could be of assistance to local government.” (R8)

Another participant highlighted that the role of social dialogue in LED matters is crucial for stakeholder engagement and informing the roles and functions that each and every stakeholder has to play in the promotion of economic development.

“Social dialogue could really assist and make sure there are healthy relationships. In most cases where stakeholders do not meet, we end up assuming that this particular stakeholder is supposed to do this. If ever that stakeholder is involved, it will be easy to say, according to the plans, or our operational plans, these are the things you can do and can go up to this point.” (R4)

Participants indicated that the role of social dialogue was not only limited to a dialogue on LED matters, as its scope could be extended to using other stakeholders as monitors of the progress of projects initiated. Participants reflected that Enterprise iLembe as an implementation vehicle of

catalytic projects needs to be overseen by other stakeholders if it is to promote a healthy environment for LED to flourish.

“Monitoring wise, all stakeholders will be in position to say that this is what we can contribute towards that particular position. Basically I think it’s a dialogue that we need to help.” (R3)

“(A) participatory approach is making sure that each stakeholder or each role player participates in the process. So as we were discussing the mechanism as we started it basically goes back to that...participating doesn’t necessarily mean making a decision, you can come and participate in a form that we are just giving you information. When we implement a project, we make sure that we have a project steering committee that enforces that participatory approach because you bring different stakeholders and role players. You bring your municipalities, you bring Amakhosi if the project touches on Amakhosi. You bring the community if the project is in the ground.” (R2)

The respondents highlighted that social dialogue was used to communicate economic development objectives with different stakeholders. One respondent went as far as conflating social dialogue with social engagement.

“I think social dialogue and social engagement is basically the same thing. Because if you are in a dialogue, it means you are engaging. I think whatever project it is critical. Whether the project is sitting at a national level or provincial level, or a project sitting at a local level, understanding the three different spheres there has to be social facilitation or social dialogue. It assists you to make sure that that if you got an objective, you’re able to communicate that to your various stakeholders or your various partners into the idea or buy into that project. And they can assist you to see that objective through.” (R2)

Another participant indicated that, of all the stakeholders that have to be informed of their role in LED matters, the community was identified as the primary stakeholder to engage with.

“In terms of LED, public participation plays a vital role in ensuring that community itself does participate in the affairs of the municipality. One being the LED strategy of the municipality. It must be noted that the majority of our rural communities cannot easily access job opportunities but by bringing initiatives closer to them and that is where they find opportunity to participate.” (R9)

One respondent mentioned that in creating a conducive environment for LED to flourish, it is good that all stakeholders are aware of the role and functions they have or are equipped to play.

“The most important thing is ensuring that the broader community is aware of the role they need to play in economic development of iLembe. Through public participation we can disseminate that information. Making them aware of the opportunities that are available and how they take advantage of those opportunities.” (R8)

The respondents identified Enterprise iLembe as the guardian of LED in the district, as well as the internal stakeholder of the district municipality. They further indicated the different roles and functions between local municipality LED units and the LEDA.

“All of us are in LED, however their LED is limited to their local municipalities, whereas Enterprise iLembe is the guardian of LED throughout the whole district.” (R5)

“All LED functions are being performed by us. But the local municipalities still have their own LED units. They still perform their own mandates.” (R2)

“We consider Enterprise iLembe as part of the district, so they are not an external stakeholder as such. They are an agency of the district. It’s like a department within iLembe.” (R8)

6.2.1.1 Social Facilitation

The participants indicated that the social facilitation office is divided into two, one representing SMMEs and the other representing cooperatives. The respondents saw the role of social facilitators as being:

“The link between Enterprise iLembe and the community, by saying that we are the people who talk to Amakhosi (chiefs), councillors and local municipalities, of which are KwaDukuza, Mandeni, Maphumulo and Ndwedwe.” (R5)

“Interact with all the stakeholders, including Amakhosi because they normally own the land.” (R6)

The participant went on to emphasise that the facilitators also have the duty of ensuring that sustainability is at the heart of the economic development of iLembe District.

“Also to promote local economic development in our district and we try to enhance that SMMEs and cooperatives sustain themselves. So we also do sustainable development within our district.” (R6)

6.2.2 Stakeholder Partnerships

One respondent pointed out that partnerships with different local stakeholders are important for an effective LED process in the district. The respondent pointed out the various tools the district uses as a means of ensuring a continued dialogue with all social partners.

“Dialogue for issues need thorough engagement. Mayoral Imbizo, ward committee meetings, IDP meetings or roadshows, stakeholder engagement, organised group engagement and media.” (R9)

Respondents noted that the local government cannot deliver the LED mandate on its own, and relies on assistance from other social partners such as the community and traditional authorities. Participants pointed out the interactions between and roles of different key players in LED.

“We interact with all the stakeholders, including Amakhosi because they normally own the land.” (R5)

“The chamber of commerce is one of the key stakeholders we work with as the agency. Key to an extent that the CEO of chamber of commerce is one of our board members.” (R2)

6.2.2.1 Community Partnerships

Enterprise iLembe has a poverty alleviation project through the National Schools Nutrition Programme (NSNP). The participants indicated that the district has seen progress because of the open farm project and the NSNP, as it has turned previously small scale farmers into large scale farmers.

“We [(Enterprise iLembe)] go to communities to work with projects that were established by the Department of Agriculture, so we go to those projects. Most of these projects just plant for food security. However as Enterprise iLembe that is not our focus. The main focus here is to develop the people financially.” (R4)

“We want to grow the community economically. There has been a lot of change in the district as you understand that we work with Ndwedwe, Maphumulo, KwaDukuza and Mandeni.” (R3)

Another participant indicated that the programme is also an opportunity for the local people to gain revenue and at the same time alleviate poverty at the school level.

“National Schools Nutrition Programme is a market for our farmers to sell their produce.” (R3)

Participants mentioned that the agency has a dialogue with the local people in order to share information with them about how they can move from subsistence farming to commercial farming.

“The farmers whom we found sitting and planting do that they can be able to feed their families. But now they have increased the scale of their yield and they are able to sell and generate income. This adds in a way to rural development.” (R2)

“We go to those projects and explain to them how the whole process is going to function. Because this is something new to them. We engage in information exchange with people.” (R3)

Respondents reflected that the projects are generally managed in such way that when a project has reached heights where it could possibly stand alone, the project is left to operate on its own.

“There is limited budget and it is impossible to help everyone.” (R4)

“We expect growth from every project that we have taken.” (R3)

“When we have assisted a projects with inputs and mechanisation, we then review how much money they have made from their projects. When they have made enough money to be financially independent, (say they can buy tractors, seeds etc.) We take them out of the projects that need to be assisted with such items.” (R4)

6.2.2.2 The Entrepreneurship Programme

The respondents highlighted the entrepreneurship programme as a great example of partnership that was initiated with the aim of improving local economies through entrepreneurship. They emphasised that this programme is a joint partnership between Enterprise iLembe and the iLembe Chamber of Commerce.

“We also run an entrepreneurship competition with them.” (R2)

“Enterprise iLembe funds our entrepreneurship programme.” (R2)

One participant pointed out that the winner of last year’s competition was a prime example of what businesses stand to benefit from the entrepreneurship programme. According to respondents, the previous winner:

“Has been able to open up a second butchery and has also experienced a rise in revenue. She now makes twice the revenue she used to make.” (R10)

The participants emphasised that the success story goes a long way in showing the merits that could be accrued through partnerships. Another respondent indicated that both stakeholders (Enterprise iLembe and iLembe Chamber of Commerce) take pride in the success of this partnership.

“This programme shows what can be achieved through partnerships.” (R3)

6.2.2.3 Swiss Partnership

The participants also indicated that partnerships are formed in order to enhance human resources in LED matters. One participant went on to elaborate on the partnership that the District Municipality has with the Swiss government.

“We fostered partnership with other countries. We have partnership with a Swiss government, who partnered with us to help improve the systems we have to encourage LED in iLembe. Some internal systems such as Public Financial Management and Infrastructure Development.” (R8)

One participant reflected that such partnerships will go a long way in benefiting the municipalities through the equipment of staff members in the LED units with skills such as the management of public finances and the development of infrastructure.

6.2.2.4 Chamber of Commerce

Participants pointed out the role that the chamber of commerce plays in development matters. One participant mentioned different programmes that the chamber offers.

“Under the business support centre, in terms of LED, we have the business helpdesk, we also have the outreach programme. What we do is we try in the chamber to provide the non-financial aspect of LED. We try and inform people, to make sure people are aware, especially small businesses, of some of the requirements of their businesses, of the type of business environment they are in and the type of demands in it.” (R10)

Some participants alluded to the importance of the chamber in LED. The participants mostly focused on the important role that the chamber plays in helping small businesses and paving the way for economic development.

“Private sector does play an important role through iLembe Chamber of Commerce, we have a close relationship with them. Even our plans, they give us a slot in their meetings and we present to them. They also come and participate in our portfolio committee as well. So I think that relationship and that stakeholder is important.” (R8)

“The Chamber does promote economic development. It allows business to have a voice, it allows businesses to take decisions collectively, and it organizes business community. If businesses are all the same thing, and they are able to communicate with government agencies, that help in promoting economic development.” (R10)

Another participant pointed out that there is a good relationship between the chamber and other stakeholders.

“Workable relationship with iLembe chamber as we exchange information and communicate about SMMEs.” (R4)

Another participant emphasised that the chamber promotes economic development for all businesses in iLembe District through organizing all the local businesses into having one voice in the district.

“The Chamber does promote economic development. It allows business to have a voice, it allows businesses to take decisions collectively. It organises the business community. If businesses are all the same thing, and they are able to communicate with government agencies, that helps in promoting economic development.” (R10)

6.2.2.5 Traditional Authorities

Participants were of the view that a dialogue on LED matters is supposed to include Amakhosi (traditional chiefs) as traditional authorities in iLembe District.

“We interact with all the stakeholders, including Amakhosi because they normally own the land.” (R4)

“We are always in talks with Amakhosi. We just don’t make decisions without involving our stakeholders.” (R3)

Respondents indicated that there needed to be approval from traditional authorities when doing projects on the land that is administered by chiefs.

“We also have to make sure that we observe Amakhosi. Those people are key in projects within communities.” (R3)

“Consultation, we consult Amakhosi or relevant councillors. Consultation is key. Even with communities. You find that projects that go wrong, consultation was not done.” (R5)

“We also take joint-decision making, e.g. Wynyard Projects, under the land of the Ingonyama Trust.” (R3)

6.2.3 Stages of Social Dialogue

In terms of the five stages of social dialogue, there was a general consensus among respondents that all the stages of social dialogue are important in LED matters. Participants pointed out that these stages contribute to the culture of effectiveness and efficiency.

“We do utilise all of them. We consult each other into an extent that there is an investment protocol.” (R7)

“Firstly with LMs, we use all of them, exchange of information, consultation, negotiation, joint-decision making and joint-problem solving. What we currently have between the local municipalities and the district is an IGR framework... That structure actually makes sure that there is effective communication between the local municipalities and the district. Then you come to have these dialogues and able to come to joint problem solving to all these problems we are facing” (R8)

“We do negotiate, especially with Enterprise iLembe as you do know that we work in the space of local municipalities.” (R7)

Some respondents highlighted that despite using all these stages of social dialogue, it depended on the scenario at hand as to which stage of social dialogue was used.

“It’s basically all. You use various mechanisms depending on the issue at hand and the stakeholder that you engage with. There are things which you cannot take to the community for decision making, and only for exchange of information or sharing of information and consultation. But not necessarily about decision making.” (R2)

“The types of mechanisms used depend on what the intended outcome is, so the selection is situation specific.” (R12)

6.2.3.1 Information sharing

There seemed to be a general consensus among participants that information sharing was key to an effective LED.

“(There is a) workable relationship with Enterprise iLembe as we exchange information and communicate about SMMEs.” (R5)

“Information is a part of Batho Pele Principle.” (R8)

One participant indicated that information sharing is key because it creates a:

“Platform where (the) public and private sector will share information for economic intelligence.” (R12)

The participant went as far as highlighting that information sharing:

“Provides platforms for information sharing and learning, advisory and strategic planning amongst stakeholders and identify opportunities for strategic partnerships.” (R12)

The participants went on to point out that information sharing is used in many aspects of LED forums.

“When it comes to having a provincial LED Forum information exchange is employed.” (R12)

“Information sharing is very useful and it is promoted through the IGR office as a platform for all municipalities to share information and concerns.” (R7)

6.2.3.2 Consultation

Participants generally held the view that there is an extensive consultative process between all the stakeholders in the district.

Two participants indicated that the chamber of commerce is usually consulted for issues that have to do with businesses.

“Enterprise iLembe uses us for consultation. For example, investor prospectus, the economic development index, variety of projects, employment overview.” (R10)

“Business index is also another consultation process.” (R11)

One participant emphasised that it is quite important to include communities in the consultative process. They went as far as highlighting the importance of the communities in the success of development projects.

“Consultation is key. Even with communities. You find that projects that go wrong, consultation was not done.” (R5)

Another participant went on to mention the relationship between the local government and the community.

“It is mainly just consulting with them and relaying information.” (R8)

Another participant stated that consultation is key in creating progressive LED structures.

“We uphold that for us to be progressive and achieve our mandates, we have to consult and follow the relevant routes.” (R6)

6.2.3.3 Joint Decision-Making

The respondents cited that joint-decision making is important when dealing with LED matters because it involves different institutions that have different expectations. One participant pointed out that joint decision-making is important, especially in matters that involve Amakhosi.

“We also take joint-decision making, e.g. Wynyard Projects, under the land of the Ingonyama Trust.” (R5)

The participant highlighted that all decisions have to be inclusive of all different stakeholders.

“We just don’t make decisions without involving our stakeholders.” (R5)

6.2.3.4 Joint Problem-Solving

Joint problem-solving is key in addressing issues that might be inhibiting the progress of institutions that are involved in a participatory process.

Another participant emphasised that joint-problem solving is involved in the development of an LED strategy.

“When SALGA assists with developing an LED strategy it is a joint decision making and problem solving task.” (R12)

One respondent indicated that the problems brought to them are relayed to higher authorities (the district municipality) of which plays the mediation role in the process.

“Joint problem solving because whenever there is a problem, people come to us, and we take it to the Mayor and then it is then taken to the table.” (R11)

Another participant identified a problem with the undervaluing of public input.

“With the broader community out there, the one area that I think we don’t fare well as we should is joint-problem solving. I think most people undervalue the community input in solving some of the problems that we face as government.” (R8)

6.2.4 Informal Economy

Most respondents claimed that some energy is being put towards assisting the informal economy, while some stated that the informal economy is integrated into development because there are policies that have been developed that are specifically tailored for the informal economy.

“We do engage with them but it depends on the project at hand. We do have a unit called the Social Facilitation Unit. That unit works closely with municipalities. They assist municipalities with the development of their informal trader policies, and would assist municipalities with getting training from SEDA.” (R6)

We also work close with EDTEA because they are the sector department responsible for informal economy.” (R5)

Another participant pointed out that there are workshops conducted for people in the informal economy by the development agency.

“We needed to target key stakeholders within informal economy and planned for a workshop. (We) invited people (in) SMME(s) and (the) informal economy to the workshop.” (R6)

However, one participant noted that the informal economy is not emphasised in the LED forums as it had no representative.

“That is not dealt with extensively in LED forums. I would say, there are discussions around small traders and SMMEs if I should put it like that. They are addressed in terms of that they are taken care of as an informal economy sector... But it is not a part of LED forum as such. (R8)

6.2.4.1 Formalisation of the Informal Sector

Some participants highlighted the effort that is being put in by the agency in trying to formalise the informal economy, as people in the communities want to formalise their businesses.

“We are always in communities. Sometimes we attend LED forums. There we get people who want to know as to how they can be assisted to be formalised.” (R5)

“We sat with INdwedwe because they were struggling with informal economy, we sat with them about how do you go around addressing the issues of business licensing within INdwedwe because there was complain from the MEC’s office that INdwedwe was not being compliant.” (R6)

Another participant alluded to the fact that there are intentions to help integrate the informal economy to the LED forum.

“We are looking to formalise forums ... certain places have informal economy forums where they will regularly ... talk about issues impacting the informal economy.” (R5)

Two participants highlighted that people in the informal economy are being trained to run their businesses properly.

“We also had a training with the informal economy about how to manage their businesses, how to be progressive.” (R6)

“They get training...they are taken care of. They get to be organised. They get registered as informal traders because they have to have permits. However they get trained about businesses, how to manage businesses and explore opportunities and being beyond an informal trader.” (R7)

6.2.5 Inclusive Economic Growth

The need to create inclusive economic growth was highlighted by most participants, who felt that the economy is not evenly distributed.

One participant pointed out to the rural development strategy.

“There is a rural development strategy driven by the department of rural development. As the entity, But again, besides that strategy, even ourselves we have realised that you got your affluent areas and you got your very deep rural areas, so we do try to strike a balance in terms of projects that we are implementing.” (R2)

One respondent indicated that as a way of trying to create an inclusive economic growth, they identified a gap in entrepreneurship.

“As iLembe Chamber we looked at iLembe District as a whole and identified a gap, that in order to improve the economy of iLembe, we shouldn’t only focus on Ballito because Ballito is growing massively, what can we do to fill in the gap? We identified entrepreneurship as one of the key element in improving LED.” (R11)

Another respondent mentioned that it is crucial to come up with projects that are going to have merits.

“You go all the way out to make sure you find grants to implement projects that are going to benefit people in such a way that we as the agency, most of our projects are cited in the rural areas.” (R2)

Some respondents pointed out that the school nutrition programme was also a way of creating inclusive economic growth.

“The farmers whom we found sitting and planting do that they can be able to feed their families. But now they have increased the scale of their yield and they are able to sell and generate income. This adds in a way, to rural development.” (R2)

“Promoting economic growth shouldn’t be central to one place. It should be throughout the district.” (R5)

“Our programmes are inclusive, whether you are old or young.” (R6)

“It makes no sense to have a development that is catering for people in Ballito whereas people in Maphumulo ... there is nothing going on there.” (R5)

6.2.6 LED Forums

There was a general consensus among LED officials that LED forums are necessary to create common developmental objectives.

One participant emphasised that:

“The objective of the forum is to provide a participative platform where all relevant stakeholders meet to share information and experiences, pool resources so that LED programmes/projects can be effectively and efficiently implemented.” (R12)

One respondent briefly supplied the list of all stakeholders that are involved in LED forums within iLembe District Municipality.

“We got municipalities, plus the district, provincial government and other LED stakeholders like your Trade and Industry KZN and your Chamber of Business and other stakeholders. It is not just the district or the municipalities in the district.” (R7)

“But they [(Chamber of Business)] are not standing members since they are a private organisation. State-owned organisations are part of the standing members within our LED Forums.” (R7)

One participant named a number of objectives that were hoped to be achieved through LED forums.

“Creation of a platform where public and private sector will share information for economic intelligence.” (R12)

“Provide platforms for information sharing and learning, advisory and strategic planning amongst stakeholders and identify opportunities for strategic partnerships; and coordination of spatial economic development activities amongst role players” (R12)

“Coordinate and facilitate LED capacity building, knowledge management and mentorship for LED stakeholders in the public and private sector.” (R12)

The participant further pointed to the use of LED forums to leverage funding. The participant highlighted that funding institutions are to help:

“Facilitate access to funding opportunities for LED implementation within the province.” (R12)

6.2.7 Barriers

Participants expressed that the barriers that create a hostile environment for a successful social dialogue mostly pertain to frictions that exist between local municipalities and the district’s development agency. They highlighted that this is due to the fact that Enterprise iLembe is an LED development agency and local municipalities also have LED units.

6.2.7.1 Friction

One participant held that a friction emerged between local municipal LED units and the development agency.

“As you know that we are the development agency of the district, sometimes there is a friction where some officers think we are trying to take over their mandates.” (R5)

Another participant highlighted that there should not be any confusion about the roles in LED between the agency and local municipalities.

“There was an LED unit that within the district, but the district decided they are doing away with the LED unit. They are establishing an agency. So when you go to a district, you will not find an LED unit.” (R2)

“All LED functions are being performed by us. But the local municipalities still have their own LED units. They still perform their own mandates. I don’t think there should be a confusion, perhaps it is a lack of understanding.” (R2)

In terms of the confusion of roles and functions that was mentioned by other participants, one participant indicated that the district municipality was aware of the concerns that were raised by local municipalities.

“We welcomed the concerns they had, because they were causing delays on projects. So what happened is that LED forum discussed the matter. It started with the MMs [(Municipal Managers)] and Mayors...different aspects were causing friction between local municipalities and Enterprise iLembe. The first one was the working relationship. There are projects that Enterprise iLembe does within municipalities. Sometimes they complained that they were not well informed prior to implementation of those projects.” (R7)

“Sometimes you have private developers coming to develop within municipal land or jurisdiction through Enterprise iLembe without the involvement of municipalities.” (R7)

The second friction that the participant went to elaborate on was on a lack of consultation.

“Municipalities feel that Enterprise iLembe is overriding LED units, that one I think they raised it in a sense that private developers will engage with either the district municipality and Enterprise iLembe takes the project without consulting or involving local municipalities.” (R7)

The respondent noted that this seemed to be the origin of the friction that exists between local municipalities and the development agency.

6.2.7.2 Demarcations

Another participant observed that such a friction is brought on by the fact that development agencies are not bound by demarcations such as local municipalities.

“All of us are in LED, however their LED is limited to their LM, whereas Enterprise iLembe is the guardian of LED throughout the whole district.” (R6)

Another participant indicated that there are negotiations that take place.

“We do negotiate, especially with Enterprise iLembe as you do know that we work in the space of local municipalities.” (R7)

6.2.7.3 Communication/Interaction

The challenges faced because of the friction between the development agency and local municipalities was also raised by other participants. According to them, LED units within local municipalities are often not as cooperative as they should be.

“Biggest challenge is working with local municipalities, especially the LED units. Sometimes when it comes to communication, it is difficult. We booked a workshop in Maphumulo and contacted the LED unit, and also contacted Nedbank, when I call a day before the workshop, they said is cancelled.” (R10)

“We need to meet each other halfway, we try to help them with regards to their mandate in LED, and sometimes it feels like we are the only ones trying harder. They don’t involve us in their planning, their forums.” (R11)

The consensus among participants is that LED units often get protective of their territories and roles by creating a hostile environment between themselves and the chamber of commerce and Enterprise iLembe.

The participants indicated that there is sufficient engagement between these three stakeholders and the partnership between them is very strong and has yielded many successes in the district.

“In terms of LED, public participation plays a vital role in ensuring that community itself does participate in the affairs of the municipality. One being the LED strategy of the municipality.” (R9)

“You cannot divorce planning from LED that is what is guiding the relationship ... we have a close relationship with them.” (R8)

The participants also pointed out that non-participation among a certain segment or class of people is a barrier to an effective social dialogue when it comes to delivering public services and a discourse on economic matters.

“As iLembe, the challenge we face in terms of social dialogue is non-participation of some of the stakeholders when we have engagements. Attendance from ratepayers is a bit of a challenge. It was more explicit this year when we were doing IDPs you’d find that

there is one person present. However, if you read news articles, you would find many complaints.” (R8)

The respondents noted that the challenge they face in terms of meeting the mandate of information sharing between municipal LED units is also another contributory factor.

“Feedback basically, reporting...we also have to share best practices. To share what is happening in Mandeni or what is happening in KwaDukuza and how they can develop their place. This is the challenge. Either people do not share or they only report on the day of the meeting. This makes recording hard and for us not to have documents on that. This stops us from fully understanding what is happening by reading the reports prior the meeting so they can engage well.” (R7)

One respondent indicated that this factored negatively in that the municipalities that have stronger institutional capacity, be it in their LED units or public participation, could not easily share their best practices.

“As iLembe, the challenge we face in terms of social dialogue is non-participation of some of the stakeholders when we have engagements. Attendance from ratepayers is a bit of a challenge. It was more explicit this year when we were doing IDP you’d find that there is one person present. However, if you read news articles, you’d find many complaints.” (R8)

6.2.8 Strategies to increase the level of cooperation between Enterprise iLembe and their stakeholders

The respondents mostly emphasised that there are monthly meetings between Enterprise iLembe and all stakeholders, especially the communities.

“We have monthly meetings with the Department of Agriculture to discuss projects. The vision is to meet once a week.” (R3)

One participant expressed that they hoped to use the agri-strategy of the Department of Education to increase the level of participation by meeting on a weekly basis.

“There is a national strategy on agriculture that will make all stakeholders meet often, probably on weekly basis.” (R3)

One respondent mentioned the use of various platforms as a strategy of increasing the level of cooperation between all stakeholders within the district.

“We use various platforms, the main one is public meetings. That’s the one effective way of communicating with the community, most of them are legislated, so it’s not discretionary.” (R8)

Participants pointed out that the IDP contains a common objective about economic development matters and it is important that this is a true reflection of the development objectives of the whole districts as informed by all stakeholders.

“For example, in the IDP process, before you adopt you need to indicate that you’ve engaged with the community. You’ve taken inputs of the community, so that the one. We mostly use print media, for example, IDPs, we advertise in newspapers. We also advertise that if you want to comment, you can come through to the municipality.” (R8)

The participants responded positively to the fact that one of the district municipalities (KwaDukuza-Municipality) was given an award for fostering effective public participation by SALGA, which will be used to encourage effective participation within the entire district of iLembe.

“I think it is commendable that they got the award. The next challenge is how we ensure that the other three local municipalities are at that level. But I think it is a step in the

right direction, which means in fact we are doing what we are supposed to be doing when we are engaging with our communities.” (R8)

“It is a good achievement for the municipality and possible there is a lot that other local municipalities will learn from KwaDukuza Municipality. Public participation is one of the vehicles in which we can increase the level of responsiveness and improve our public sector.” (R9)

6.2.8.1 Mediation

Participants indicated that iLembe District Municipality has put measures in place to deal with friction, which occurs when municipalities feel that they are not properly consulted by the development agency when it comes to having common developmental objectives.

“Those issues are being addressed through IGR structure of LED forum. Enterprise iLembe, whatever projects they have, they present such to LED forum and the respective municipalities, members and representatives of LED take that information back to the EDPC, which is the Economic Development Portfolio Committee where councilors sit and report to exco and (the) full council. That’s how that one is being resolved.” (R7)

One respondent mentioned that the other concern on lack of consultation between the development agency and local municipalities was also addressed on another platform. The respondent explained that in order to deal with such shortcomings, the municipality had developed a protocol that dealt with the matter at hand.

“There’s an investor facilitation protocol that has been developed which gives guidelines that if Enterprise iLembe or a local municipality or district municipality are approached by private developers with the aim of doing something within the district, this is what should happen. This is a checklist of all the things that these people need to get from municipalities before they can even get a go ahead or funding from the district municipality. It falls two ways because even with municipalities, before they can go

ahead with any LED matter, they have to involve Enterprise iLembe and the district...Engagement was not one way.” (R2)

6.3 Conclusion

This chapter presented the key findings from the data that were collected by the researcher, and were aligned to the objectives of this research. The results will be further discussed in the following chapter.

The following chapter will focus on integrating the theory and literature on social dialogue and the findings of this study. The chapter will also compare and contrast the findings with previous research that was conducted by other researchers on the same topic.

CHAPTER 7: DISCUSSION

7.1 Introduction

This chapter discusses the key findings of this research and how the findings integrate with the theory of social dialogue and participatory governance in LED matters. The research identified Enterprise iLembe as a custodian of social dialogue because of the agency's status as a public-private institution that has the mandate of promoting economic development in the iLembe district. Van Empel and Werna (2010) held that development agencies were created for this very purpose (promoting economic development and investor attraction), as they were seen as structures that can successfully promote economic development through social dialogue, and at the same time represent both public and private institutions. The discussion focuses on the major themes that emerged out of the data presentation.

7.2. Social Dialogue and Participatory Governance

The respondents had a narrow understanding of social dialogue as the concept was only negated to a 'dialogue'. The consensus among the respondents seemed to be that any dialogue on LED matters qualifies as a social dialogue. Van Empel and Werna (2010) had similar findings, i.e. although local authorities know about participatory approaches to LED, they have less knowledge on matters of social dialogue. This is because participants saw social dialogue as meaning the same as participation or participatory governance. As noted in the literature review of this study, it is easy to conflate social dialogue with participatory governance at the local level.

Nevertheless the understanding of social dialogue by officials is not necessarily wrong, because social dialogue at the local level focuses on a dialogue about LED matters and the roles that each stakeholder has to play. The officials could be said to have a reductionist view of social dialogue, i.e. they only saw social dialogue as engagement from different stakeholders. The officials that were interviewed took a similar view as the researcher in conflating social dialogue with participatory governance (mainly focusing on the participatory approach taken and how it incorporates different stakeholders). There is also a growing body of literature about

participatory approaches at the local level, and how the approach integrates with governance at a local level (van Empel and Werna, 2010). The same was deduced by Werna (2001), who, in an attempt to create a universal definition for governance through looking at a vast amount of literature, noted that governance represents the link between the people or society and the state.

The essence of the social dialogue approach to LED is that it emphasises the institutional integration of the social, political and economic realms at the local government level (Gasser *et al.*, 2013). Participants emphasised that this duty is carried out by Enterprise iLembe as the agency that is entrusted with economic development in the region. In their research, van Empel and Werna (2010:3) concluded that the institutional arrangements for “local social dialogue can trigger a bottom-up process with possible multiplier effects in the sectors of the economy which still face constraints to implement dialogue at the national level.” Similarly, respondents felt that such an impact can only be felt from a bottom-up approach, by specifically investing energy in the communities.

From what was gathered from the participants, it became clear that the participatory mechanism that is utilised in iLembe district is based on the participatory approach of using Enterprise iLembe as a means of advancing the region’s socio-economic resources. The same finding was also presented by van Empel and Werna (2010), who argued that governance is taken to refer to the way that government uses its power to manage the nation’s social and economic resources in the name of development. In short, this seems to be how officials view the role of social dialogue as it was conflated with participatory governance.

7.3 Stakeholder Partnerships

Most respondents indicated that the role of social dialogue in LED matters is to stimulate the level of cooperation between local government and all stakeholders. Van Empel and Werna (2010:484) had similar findings as they pointed out that “social dialogue in public-private partnerships is key in enhancing trust, promoting informed decision-making, finding appropriate responses to urban needs and, last but not least, increasing local ownership and transparency”.

Fray (2013) argued that LED institutions should start by identifying various stakeholders to involve in a dialogue about LED matters. The researcher found that participants confidently pointed out the stakeholders or social partners as the community, the chamber of commerce, local municipalities and people in the informal economy. These stakeholders are similar to the stakeholders that the ILO identified as the main stakeholders in social dialogue at an enterprise level (ILO, 2015). Participants also went as far as identifying the Department of Agriculture (DoA) and the Department of Rural Development (DRD) as stakeholders of Enterprise iLembe.

Participants identified Enterprise iLembe as the custodians of social dialogue. This shows that participants hold the same view as the ILO that development agencies are vehicles of carrying out social dialogue about LED matters (ILO, 2015). This view is in line with van Empel's (2008) idea of institutionalising social dialogue through LEDAs. Ratnam and Tomoda (2005) also concluded that it is up to the government to play a key role in social dialogue, by availing resources such as infrastructure and funds for an effective social dialogue to take place between various stakeholders. It was also pointed out by various authors that LEDAs are in a better position than any other institutions to facilitate social dialogue (van Empel and Werna, 2010; Rogerson, 2010; van Empel, 2008).

Participants pointed out that the chamber of commerce is very useful when it comes to an economic and business index, as it is the umbrella of the private sector. Van Empel and Werna (2010) also found that private sector organisations such as the chamber of commerce are very important as they can assist with information on issues such as labour demand and challenges that are experienced in the business environment, and can also act as joint-implementing vehicles of the dialogue outcomes. All of these factors were also identified by the respondents.

As local authority/local government and service delivery vehicles, local government is key in initiating and being the support structure of social dialogue (ILO, 2015; Werna, 2001). The interviewees highlighted that local municipalities have a great role to play in disseminating information about social dialogue. In social dialogue matters, municipalities have the function of linking the chamber of commerce and LEDAs with communities due to the administrative role that is constitutionally bestowed upon them (WPLG, 1998).

Yet the participants commented that municipalities hardly fulfil this role because of the fact that they often do not cooperate with other stakeholders. Ratnam and Tomoda (2005) also found that the success of LED depends on the cooperation of local government. COGTA (2014:3) emphasised that “municipalities have generally been unable to address LED in its entirety. This has led to inabilities to implement the high-impact, large-scale economic development projects and programmes necessary to stimulate economic development at a regional level”.

Communities as representatives of community needs have become increasingly important in influencing pro-poor policies in the midst of growing inequality (ILO, 2015; Fray, 2013). The same was also found by van Empel and Werna (2010), who held that most of the literature and practice on participatory approaches to LED matters at the municipal level is focused on communities and their participation in economic development matters. Similarly, respondents mostly cited the community and community empowerment as the most important aspect of social dialogue about LED matters. Most participants viewed social dialogue as being community oriented, which is in line with the view that local government officials see participation in terms of communities.

The respondents indicated that there is an acute need to incorporate traditional authorities (tribal chiefs or ethnic leaders) because of their status in communities. Traditional authorities are important for ensuring social cohesion in communities and organising people's settings. Van Empel and Werna (2010:8) also held that “traditional authorities regulate social life, control access to land and settle disputes, among others. Therefore, traditional structures may be key in conflict management”. The interviewees reflected that traditional authorities play a very important role in the iLembe district as some of the land is under their administration, and that it is important that traditional authorities are consulted in LED matters.

The abovementioned social partners vary in greater degrees but are concerned with a common objective, i.e. economic development in their particular locality. Because of this, such social partners can go a long way in acting as vehicles of implementing rational policies that will yield the desired benefits. This is why social dialogue is seen as “a powerful tool for finding concrete

ways of establishing and maintaining social cohesion and improving governance. It contributes to the creation of quality public services, both for employees and customers” (Ratnam and Tomoda, 2005:434). This is especially so given the status of development agencies.

7.4 Stages of social dialogue

All five stages of social dialogue play by far the most important role when it comes to engagement with communities and all stakeholders. These stages can go a long way in addressing socio-economic conditions and creating responsible citizens who head LED projects. If there is one thing that such stages emphasise, it is the fact that local government cannot address the economic conditions in isolation from the people (COGTA, 2015). Participants indicated that the stages of social dialogue are very important and utilised by stakeholders in iLembe. Participants highlighted that the stages such as consultation and information are a part of the government’s Batho Pele principles.

As already observed, the identification of relevant stakeholders who have common interests in LED leads to greater information sharing and exchange (Fray, 2014). Participants indicated that information sharing integrates people into a system of participatory governance. Fashoyini (2004) found that a healthy social dialogue allows for the sharing of information to be transparent and information flows both way, while some respondents highlighted that information sharing can improve advisory and strategic planning amongst stakeholders.

Ratnam and Tomoda (2005: 27) held that “a transparent flow of information sharing from all parties and social partners who are willing to participate in socio-economic development matters” is key in social dialogue at the local level. Respondents stated that information sharing as a platform would also go a long way in limiting future problems that municipalities might face in the long run and also improve service delivery. This is because social dialogue is an important mechanism of exchanging information and creating an environment for an inclusive discussion of economic development matters (Ratnam and Tomoda, 2005; Fashoyini, 2004). It was also stated in the IDP that the chamber of commerce helps the district identify and assess investment opportunities (iLembe IDP, 2015).

Ratnam and Tomoda (2005) found that the failure of the Washington Consensus policies reinforced the need to understand that successful reforms can only take place if they incorporate the views and knowledge of all stakeholders through a consultative process. In the context of LED, participants highlighted that public consultation is key as it involves people who might be directly/indirectly affected by the matter at hand, and leads to greater collaboration between the local government and surrounding communities. Obradovic (2006) also found that consultation involves all stakeholders in the creation and implementation process, while Nene (2015) claimed that effective agencies depend on a consultative process.

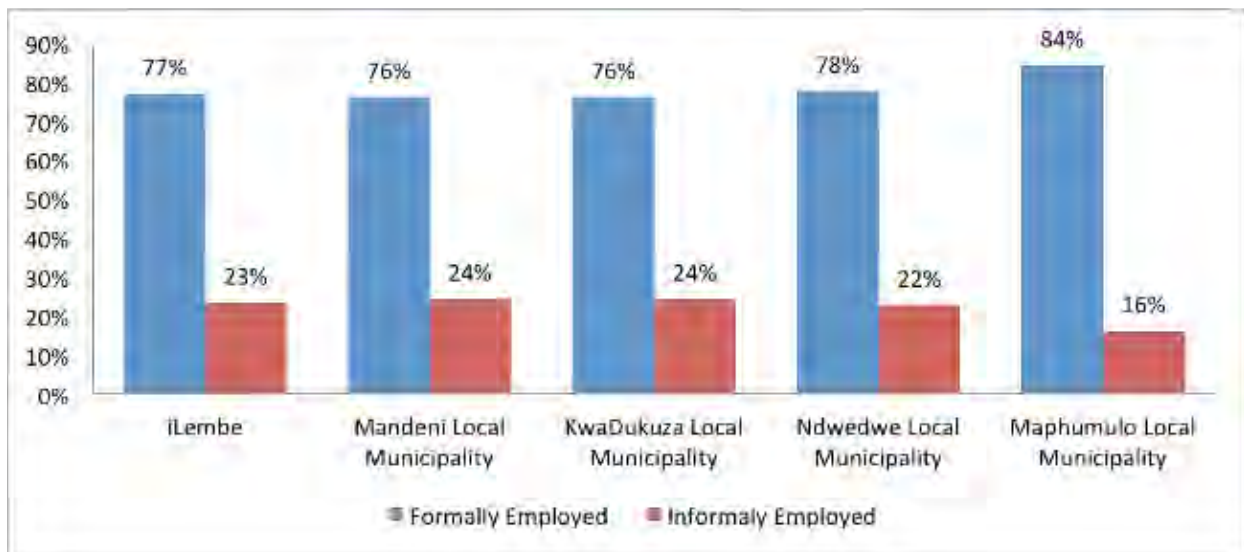
The interviewees cited that joint-decision making is important when dealing with LED matters because it involves different institutions that have different expectations and the decisions that come out of decision making have an impact on the livelihoods of people. Ratnam and Tomoda (2005) held that reforms should be made with the aim of impacting all, and the victory of reformism is underpinned by clear objectives. Ratnam and Tomoda (2005:16) found that “the quality of decision-making and the capacity of all the parties concerned to implement the decisions made. Participatory decision making requires the sharing of all relevant information, the protection of the rights of workers and their organisations, and investment in human resources to meet the emerging challenges”.

Participants pointed out that the district municipality plays a major role in joint problem solving in all matters. Joint problem-solving is critical because it shares the same tenet that social dialogue is founded on, i.e. creating alternative mechanisms of problem solving in an era of growing inequality and poverty. The BTS White Paper (2008) also found that joint problem solving identifies the particular phenomena that seems to be problematic, analyses it and recommends solutions. Joint problem solving was also seen as “a cooperative approach that is focused on both parties optimizing their outcomes and growing and maintaining a long-term relationship” (BTS, 2008:121). Similarly, respondents highlighted this as a mandate that is carried out by the district municipality.

7.5 Informal Economy

The study found that the informal economy is becoming an important player in LED matters, which means that local authorities have to recognise what the informal sector brings to the table. Van Empel (2008) also found that the informal sector has played a huge role in poverty reduction in countries such as Ghana and Nepal. The inclusion of the informal sector is also in line with the vision of creating an all-inclusive social dialogue, which will enhance the chance of creating inclusive economic growth.

FIGURE 7.1: Informal Economy in iLembe District



Source: iLembe IDP (2015:69)

iLembe has experienced a simultaneous growth in the informal economy and the formal economy. The informal economy is characterised by a less skilled workforce that is working for mere survival, and has come to represent approximately 30% of South Africa's workforce (iLembe IDP, 2015). This paints the picture that the country is facing in terms of a crisis in creating decent jobs.

Figure 7.1 shows the informal economy of iLembe respectively in terms of distribution. Approximately 23% of the workforce is in the informal economy, while 77% is formally employed. This can be attributed to the developments that are currently taking place in and

around Ballito. It is also good to note that less developed areas like Maphumulo and Ndwedwe have 16-22% people working in the informal economy. This number can be read in terms of the number of people that leave the rural outskirts of these areas to go to town like KwaDukuza and Ballito to seek formal employment. This has resulted in increasing the informal economy in KwaDukuza to 23%.

The interviewees reflected that informal economy takes centre stage in LED in the iLembe district, because some of the municipalities are very under-developed and suffer from high rates of unemployment. For example, Maphumulo has an unemployment rate of 49% and a youth unemployment rate of 58, 4% (StatsSA, 2011). The same could be said of Ndwedwe, which has an unemployment rate of 48, 7% and a youth unemployment rate of 58, 3% (StatsSA, 2011). These statistics show the correlation of the dependency ratio found within these two municipalities, with Ndwedwe at 75, 7% and Maphumulo at 89, 2% (StatsSA, 2011). Such a dependency ratio could trigger an escalation of people in the informal economy.

Participants reported that Enterprise iLembe and its stakeholders are also in the course of creating efficient communications within the informal economy. This was highlighted in the literature review by van Empel (2008), who argued that social dialogue is increasingly becoming an essential tool in facilitating social dialogue matters and at the same time tackling poverty and inequality. Such opportunities have a big role to play in the improvement of peoples' socio-economic conditions. The growth of the informal economy has yielded positive responses from governments all over the world, especially in tackling poverty and inequalities (ILO, 2014; van Empel, 2008). This could be seen as a great opportunity to leverage economic opportunities coming out of the informal economy.

7.6 Inclusive Economic Growth

Participants pointed out the partnership between Enterprise iLembe and the Department of Agriculture, which is based on the creation of an inclusive social dialogue. They indicated that Enterprise iLembe plays the frontline role as it is the one pursuing the commercialisation of the products the communities produce. Gibson (2013) found that it is very important to create structures that will promote inclusive economic growth.

Enterprise iLembe does the following to create inclusive economic growth through social dialogue with the communities of iLembe:

- Allows small farmers to operate on a large scale farming.
- Helps produce quality products.
- Commercialises farmers' products.
- Runs an entrepreneurship programme.

Despite the fact that the Department of Agriculture is mainly focused on food security, Enterprise iLembe is more concerned with the commercialisation of the produce. Participants saw this as an opportunity that was granted to local people to experience economic growth that will also improve their socio-economic conditions. The project has expanded massively, to the extent that “Over 800 hectares of new vegetable farms have been developed by 50 new co-operatives creating 1 000 new jobs. This is a big contribution to job creation, poverty alleviation, inequality, and most of all create sustainable communities with the iLembe communities” (iLembe District IDP, 2015:92).

The Open Farms Project can also be viewed as means of promoting inclusive economic growth. Respondents saw this as being in line with the mandate of creating inclusive economic growth through giving a chance to small scale farmers. This is not the same as contracting with already established farmers, but is in line with pro-poor economic development policies as they highlight the need to capacitate the poverty stricken communities (ILO, 2014; Di Megelo, 2014). Participants highlighted that Enterprise iLembe is meeting the mandate of promoting an inclusive economic growth through social dialogue with the local people.

7.7 LED Forums

Overall, participants reflected that LED forums are key structures of promoting consensus building around LED matters. In addition, some respondents commented that LED forums can promote greater information exchange and access to resources. Fray (2013) had similar findings in that LED forums have emerged as structures of strengthening institutional arrangements for

LED. In terms of creating an inclusive LED forum, one participant indicated that the district municipality enforces an inclusive LED forum that is not only limited to municipal LED units.

However, inasmuch as the LED forums are inclusive, not all stakeholders are full members of the LED forum. For example, the participants indicated that the chamber of commerce is normally only invited to LED forums when there are issues that affect it or there is a presentation. Van Empel (2008) found similar patterns, and suggested that existing social dialogue structures should open themselves to new partners for a better participatory process. The participants also added that there is a healthy relationship between the district municipality and the chamber of commerce, but that the relationship is managed through the development agency.

7.8 Barriers

The interviewees highlighted that the one common problem that inhibits social dialogue in the iLembe District is the duplication of tasks between local municipalities and the development agency. COGTA (2014) saw development agencies as vehicles for implementing LED projects in the region, yet the confusion is that municipalities also have the same view of their role. Nene (2015) had similar findings, stating that tense or uneasy relationships between development agencies and municipalities often develop due to these tensions.

Respondents pointed out that this confusion leads to a barrier for an effective social dialogue in LED matters between the development agency and its local municipalities. However, CoGTA's *Framework for LEDAs* (2014), in anticipation of such confusions, pointed out that the role of development agencies is to enhance the capacity of LED at the local level and also help maximise the potential of municipal LED units. CoGTA (2014) asserted that municipal LED units have the task of creating a conducive environment for economic development to flourish, with development agencies having the mandate of implementing catalytic projects that will subsequently lead to the promotion of job creation and investment.

The research also found that local municipalities often do not engage or cooperate with some social partners. In a similar setting, van Empel (2008) found that there was less political

willingness to engage in participatory decision-making and problem-making. In another study, Di Megilo (2014) found that political willingness to engage with more social partners was the reason that Ghana's LED was a success. Nene (2015) also found that a lack of critical engagement or communication with the private sector results in inefficiencies.

Another barrier that participants regarded as a major setback was the issue of demarcation; participants held that the local municipalities often tend to be protective of their administrative boundaries. Nene (2015) had similar findings that political and administrative interference causes inefficiencies and delays projects.

It was found that the chief problem that is causing the friction between the LEDA and the local municipal LED units is not only the confusion of the roles and responsibilities as noted by previous literature and reports, but it is also the lack of consultation and information sharing between the LEDA and local municipal LED units. This is to say that the LEDA was found to be trying to act as an autonomous body instead of embodying common developmental objectives in consultation with the mother body. The gist here is that there was an undervaluing of local municipal input when implementing the common developmental objectives.

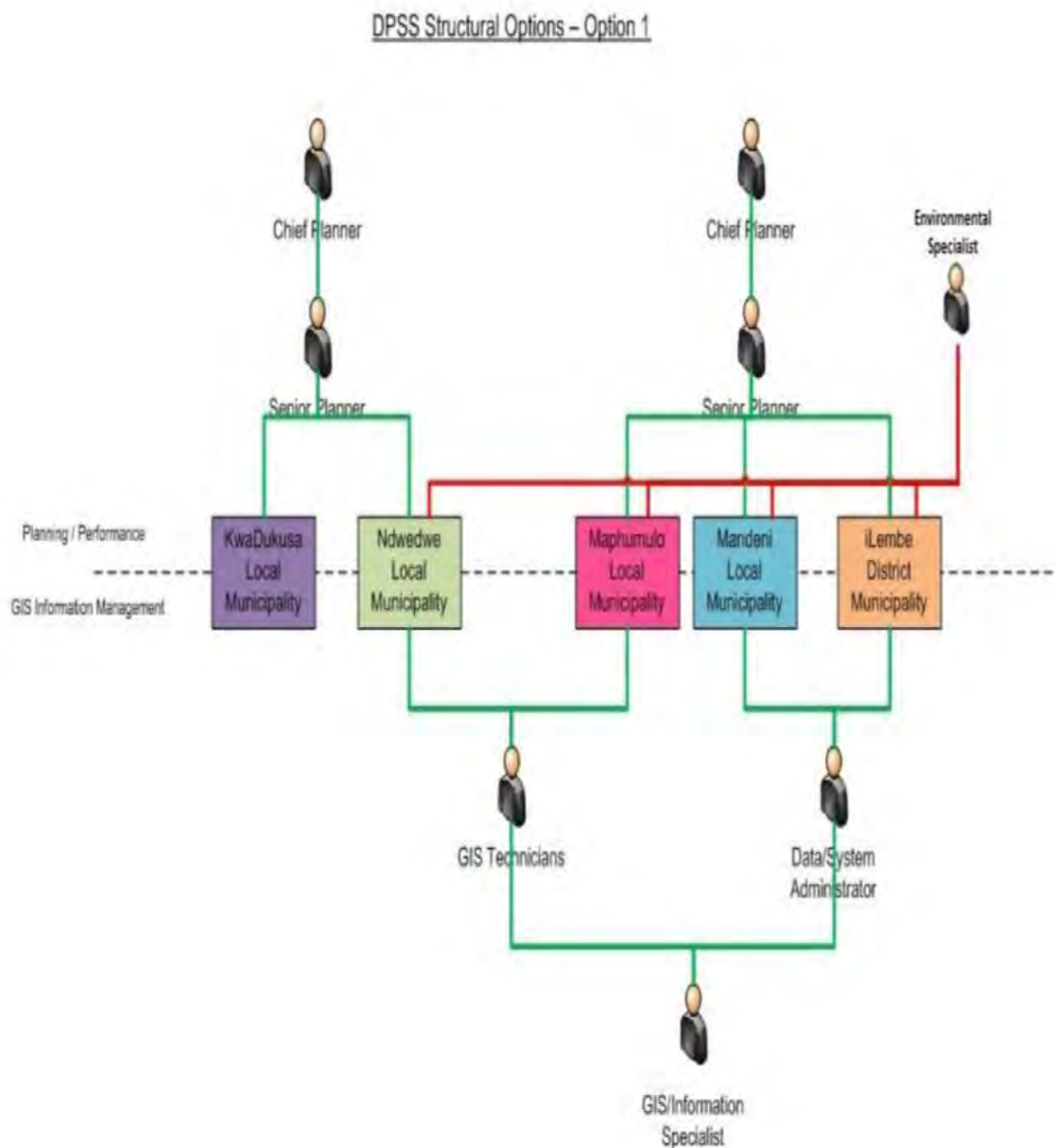
It is useful to understand that municipalities fund the LEDAs, and to have it not consult its funders when taking decisions is to have the LEDA acting out of its mandate. The MFA Act (2000) made it clear that the LEDAs cannot act outside the interests of its parent municipalities or as an autonomous body. The gist here is that there was an undervaluing of local municipal input when implementing the common developmental objectives.

7.9 Strategies to enhance social dialogue

The district has put in place strategies that are enforced to deal with the frictions between the municipalities and the development agency. The respondents indicated that the municipality prioritises the concerns that are raised by both the development agency and the local municipalities, because they cause delays in the implementation of important projects. One participant highlighted that the IGR office is very influential in addressing the lack of common developmental objectives between local municipalities and the development agency, i.e. both the

local municipalities and the development agency have to report to the Economic Development Portfolio Committee about emerging projects in order to align such developments with all stakeholders. The same was also highlighted by Geyer (2001), who argued that there should be a strategy that enforces a collective vision for all stakeholders.

FIGURE 7.2: District Planning Support System



Source: iLembe IDP (2015:76)

The DPSS in Figure 7.2 was established to assist with the limitations that were faced in the planning of development functions between the district and local municipalities. This is because the smaller municipalities often lacked the adequate staff and resources to execute their functions efficiently (iLembe IDP, 2015). As a result, this led to limits in the planning services of the smaller and under resourced municipalities such as Ndwedwe and Maphumulo. Participants also pointed out that the structure helps with information sharing.

The aim of the DPSS is to “to share services at District level in order to optimize limited resources and thereby enhance the quality of planning and development services provided in these areas” (iLembe IDP, 2015:61). This is promoted through information sharing with the hope that the best practices will rub off on the municipalities that lack planning services. However, one participant highlighted that such a strategy has not reached its full potential, as information sharing between municipalities is not yet optimal.

7.10 Conclusion

This chapter has discussed the findings from all the themes that emerged and further integrated the findings with the theory of social dialogue and participatory governance. Where possible, the researcher has also compared and contrasted the discussion with other research that has been conducted in the same field. The discussion highlighted that consultation and information sharing are widely used stages of social dialogue within iLembe district. The district municipality plays a role in social dialogue as it deals with problem-solving, information sharing and joint decision-making, as stipulated in the IDP. These stages of social dialogue that are utilised by the district municipality are mostly for social cohesion and integrating municipalities.

Enterprise iLembe plays the leading role in social dialogue through information sharing, consultation, negotiation and joint decision-making because of its mandate as an implementation vehicle, i.e. it plays a key role in LED matters. This seems to point to the fact that development agencies, as custodians of social dialogue, cannot drive the LED mandate on their own, i.e. the district municipality also plays a significant role in the facilitation of social dialogue for the purposes of social cohesion and integration.

The following chapter will summarise the findings of this study and make possible recommendations that all the interviewed stakeholders can use in their bid to improve the use of social dialogue in LED matters. The chapter will also make recommendations for future studies.

CHAPTER 8: CONCLUSION AND RECOMMENDATIONS

8.1 Introduction

This chapter presents a summary of the findings and makes recommendations based on those. The study was aimed at studying the importance of social dialogue in LED matters and the level of cooperation that exists between Enterprise iLembe and the relevant stakeholders in the iLembe District. This is because Enterprise iLembe is informed by the philosophy of a participatory process in which the local people and stakeholders work together in the name of LED to stimulate socio-economic growth (Enterprise iLembe, 2015). In this regard, social dialogue is the mechanism that is increasingly being used to create participatory partnerships in LED. The philosophy of Enterprise iLembe is in line with the core values of social dialogue, as both are concerned with a participatory approach to LED (between the local stakeholders and the local authorities).

The study identified Enterprise iLembe as the custodian of social dialogue at the local level, and also identified local stakeholders as the community, chamber of commerce and all the local authorities (local municipalities and district municipality). The study was aimed at looking at the role of social dialogue in LED matters and the challenges that are faced when conducting a social dialogue about LED matters.

The overall objectives were to:

- Explore the role of social dialogue in local economic development in iLembe.
- Examine how partnerships are formed between stakeholders and Enterprise iLembe to facilitate social dialogue.
- Identify barriers that inhibit social dialogue between Enterprise iLembe and their stakeholders.
- Identify strategies to increase the level of cooperation between Enterprise iLembe and their stakeholders.

Inasmuch as the study was based on social dialogue on LED matters, it has to be said that social dialogue could be extended to other horizons such as service delivery. However, the findings of the study could go a long way in creating more information about the use of social dialogue at the local level.

The literature review focused on three main realms: social dialogue at a national level, LED and LEDAs, and social dialogue in LED matters. The literature was presented in this manner in order to familiarise the reader with the concept of social dialogue. The following step was to discuss LED without a social dialogue component, while the third step was to incorporate social dialogue in LED. The literature on social dialogue was drawn from the ILO and other EU articles, and the case studies were drawn from the Nordic Report. The literature on social dialogue in LED matters was also drawn from ILO articles, including the case studies of Ghana and Nepal.

Qualitative research methods were deployed for this research to enable an understanding about the use of social dialogue at the local level in iLembe. Semi-structured interviews were conducted with officials from Enterprise iLembe, the iLembe District, the iLembe Chamber of Commerce and SALGA. The interviews were conducted at the various offices of the officials who were interviewed. Two officers preferred to have the interview questions sent via email, and also responded via email, and one interview was done telephonically. Data analysis was undertaken through thematic analysis, and the presentation of the results was based on the objectives of the study. This was done to ensure that the results corresponded with the objectives of the study.

The recommendations that are made in this chapter follow the chronological order of the findings and discussion that were presented in the previous two chapters. The recommendations are provided in such a way that they seek to improve LED matters from a social dialogue perspective. Some of the recommendations that will be covered in this chapter are drawn from the case studies of Ghana and Nepal, as these are good examples of social dialogue at a local level. Before the close of this chapter, recommendations for future research will be presented.

This research further highlights that the recommendations that are presented may help promote more critical thinking and engagement on LED matters, and also go a long way in strengthening the implementation and overseeing practice of LED institutions and their various stakeholders. All stakeholders are seen as joint leaders of LED matters with the development agency (as the vehicle entrusted with LED matters). The partnership that exists between all stakeholders can be said to be an effective way of promoting linkages for economic opportunities, for example, the relationship between financial providers and the development agency or chamber of commerce can be a link or gateway for entrepreneurs to access finance. In that case, the development agency or chamber of commerce is acting as the intermediary between aspiring businesspeople and financial providers. This example signifies social dialogue at an enterprise level.

8.2 Key Findings of the Study

The summary of the findings are presented in line with each objective that the researcher had set out for the study. This approach is deployed to help show the key findings for each objective.

8.2.1 Objective One: To explore the role of social dialogue in local economic development in iLembe.

The research findings highlighted that the officials were not familiar with social dialogue as they merely focused on the word ‘dialogue’. They did, however, conflate social dialogue with participatory governance. In the first chapter of this research, the researcher highlighted that for the purpose of this research, social dialogue was going to be conflated with participatory governance. Van Empel and Werna (2010) also noted that LED officials were not familiar with social dialogue as they did not show an extensive understanding of the concept.

The respondents saw social dialogue as a participatory mechanism that could be used in their stakeholder interaction process. It was noted that one key problem that is faced by iLembe is the need to create efficient social dialogue frameworks at the local level. This is because the emphasis on social dialogue is only carried out at the national level. Van Empel and Werna (2010:1) had similar findings that “The literature and concrete activities related to national social

dialogue abound. Much less is available in regard to local social dialogue”. Respondents identified Enterprise iLembe as the custodian of social dialogue in iLembe.

The research also found that almost all stages of social dialogue are used, however negotiation is the least used. The other stages (information sharing, consultation, joint problem solving and joint decision-making) are regarded as the most utilised.

Participants highlighted that they often go out to communities with the aim of relaying information to the people, which is sometimes done through presentations and afterwards having a feedback session. The respondents highlighted that inter-municipal information sharing is not at its best thanks to a lack of commitment from different units. It was also found that Enterprise iLembe shares information on LED with the greater community of iLembe and the DPSS structure was developed to promote better planning through information sharing.

For Gunter (2005), consultation is key in LED matters, especially in the formation of common developmental objectives. Participants referred to the fact that they do not just carry out development objectives, as they also have to consult people with the aim of making informed decisions. The people who are consulted include traditional chiefs and all relevant stakeholders within the iLembe district, yet some members do not meet the municipality halfway in consultations. Enterprise iLembe only consults the iLembe Chamber of Commerce regarding the business index and labour statistics. Municipalities also consult each other through the IGR officer.

Joint-decision making is important in LED matters (Fray, 2013), and the interviewees indicated that the various institutions make binding decisions with communities and other stakeholders. However, there was a sense of concern from one participant that the input from the community is not regarded as important. This has led to various strikes within iLembe, some of which could have been avoided. Joint decisions are taken with chiefs regarding land and resources, and joint problem-solving is usually carried out by the district municipality.

8.2.2 Objective Two: To examine how partnerships are formed between stakeholders and Enterprise iLembe to facilitate social dialogue.

Fray (2013) held that the most important step in organising different institutions for effective LED is the identification of different stakeholders and the resources that these stakeholders bring to the table. The participants held a similar view, saying that different stakeholders are partners in the formation of stronger institutional arrangements for LED. Fray indicated that it is equally important to avoid a duplication of tasks between different stakeholders for efficiency purposes. Organised institutions have a much stronger role to play in LED than unorganised institutions. The respondents indicated that all the stakeholders are important throughout iLembe and each social partner has a significant role to play in LED matters.

Most respondents indicated that Enterprise iLembe plays the role of steering economic development in iLembe. As they are an internal stakeholder of the district, they should play a pivotal role in social dialogue (by being the link between the various stakeholders that have a stake in LED matters).

The interviewees pointed out that the chamber of commerce is the voice of business in iLembe, with one participant indicating that the chamber acts in the interests of businesses in the iLembe district and provides non-financial aspects of LED to emerging businesses and start-ups. For example, Enterprise iLembe and the iLembe Chamber of Commerce decided to promote economic development through an entrepreneurship programme together.

It was found that the municipalities have the function of creating a sound environment in which LED can prosper. This was similar to what was emphasised by the White Paper on Local Government (1998), and includes working with various stakeholders to improve the efficiency of LED through assisting with LED projects. The participants pointed out that local municipalities also act as the link between small businesses, the chamber and the development agency, however municipalities were reportedly less cooperative than the other stakeholders.

Communities play a fundamental role in LED matters, however they are not well informed about the role of the development agency and do not know where to go to source funding. One

participant indicated that it is good for communities to be conscious of the role they have to play in LED. Traditional authorities also play an important role as some of the land is administered by traditional chiefs, e.g. some portion of the land is under the Ingonyama Trust, and there has to be a consultative process in terms of development matters.

The participants indicated that the informal economy has become an important player in LED matters. The IDP (2015) highlighted that the informal economy plays a major role in generating employment at the local level and must be paid attention to. The interviewees reported that a forum for the informal economy is to be established in order to leverage opportunities found within the informal economy. Van Empe (2008) also argued that the informal economy has emerged as a major stakeholder in generating employment because of its ability to attract less skilled people. The case of Ghana is an inspiring one as it resulted in massive employment in the informal economy and improved people's socio-economic conditions.

8.2.3 Objective Three: Identify barriers that inhibit social dialogue between Enterprise iLembe and their stakeholders.

The participants highlighted many barriers that inhibit social dialogue in the iLembe District, including confusion between the roles of the development agency and local municipalities and their LED units. Barriers that were also mentioned included the lack of willingness of municipalities to cooperate with the Chamber of Commerce when it comes to information sharing. This is a significant barrier in that it limits both the development agency and the chamber of commerce from tapping into economic opportunities.

The chief finding in this regard is that in addition to the already existing confusion about the roles and functions of the LED units and LEDAs, the lack of consultation between these two structures intensifies the mistrust; the local municipalities view the development agency as taking away the mandate of LED from them. Similar findings were also generated by Nene (2015), who noted that a lack of inefficient communication caused problems between the LEDAs and LED units. It was also found that there was a negative perception of the chamber and development agency as crossing LED boundaries and as potential barrier for social dialogue.

Non-participation by certain factions is also a big barrier in addressing economic development matters. The respondents pointed out that information sharing between municipalities is not at its best, and a lack of cooperation from municipalities is a barrier to effective linkages between the private and public sector.

8.2.4 Objective Four: To identify strategies to increase the level of cooperation between Enterprise iLembe and their stakeholders.

The study found that a strategy has been put in place by the district municipality to increase the level of cooperation between all stakeholders in the form of the DPSS, which was established to promote effective information sharing. The strategy is based on the participation of the planning unit in an inter-municipal information sharing meeting that occurs monthly. Participants highlighted that this process is headed by the district municipality.

The interviewees indicated that the DPSS was also created to help promote inter-municipal sharing and to promote best practices between the different LED and planning units. The main objective of this strategy is to enhance information sharing between all municipalities.

One participant highlighted that Enterprise iLembe has an agri-strategy that was developed in order to improve the efficiency in the Open Farm Projects that the agency is undertaking with the Department of Agriculture. The respondent went on to emphasise that it is hoped that the constant meetings will improve the efficiency of this project.

8.3 Recommendations

The following recommendations emerged from the findings that were presented and discussed in chapters; 6, 7 and 8.

8.3.1 Social Dialogue

In terms of social dialogue as a mechanism of participatory partnerships for LED, the researcher found that little was known about the use of social dialogue, both at a national level and at a local

level. This finding did not necessarily mean that Enterprise iLembe and its major stakeholders (iLembe District Municipality and the iLembe Chamber of Commerce) were not involved in a social dialogue; the researcher found that these institutions were involved in social dialogue but did not realise it. Recommendations are as follows:

- Officials that are involved in LED, planning and public participation must take time to get to understand social dialogue and the various ways in which it can aid LED matters. The case study of Ghana is worth looking at as social dialogue there started from a local level and ended at a national level.
- All officials should visit the ILO webpage to get constant updates on LED matters across the world and to familiarise themselves with tools that are deployed by the ILO.
- A social dialogue manual should be drawn up to assist officials to be conscious of how they can bring all stakeholders together in the name of LED.
- The above point speaks to the need to create a stakeholder relations manual.
- There should be more cooperation from all stakeholders involved in LED matters in order for the region to have common developmental objectives.
- Social dialogue should be viewed as a mechanism of partnership that aims at building LED networks or linkages through the various social partners that are involved.

8.3.2 Stakeholders

All stakeholders should be aware of the roles that they have to play in LED matters if the venture is to be a success and eventually improve lives. The partnership that exists between all the stakeholders should be enhanced in such a way that economic opportunities are identified and tackled in conjunction with all the stakeholders. Different stakeholders have different roles, i.e. some might take the role of advisors, while some might take the role of implementation and some might have the role of oversight. Recommendations are as follows:

- Each and every stakeholder should be aware of the role it has to play in LED matters.
- Development agencies should take the role of being custodians of economic development in their regions as stipulated in their mandates by CoGTA.

- Local municipalities should act as co-facilitators of social dialogue and provide the non-financial aspects of LED, such as providing venues for gatherings etc.
- Communities should engage more with municipalities about LED matters and be conscious of the role they have to play in LED. This could be done through the formation of LED forums.
- Chambers of commerce should be more active in the financial aspect of LED. This could be done through sourcing funding for start-ups and also being a directory for financial sourcing for emerging businesses.
- Traditional authorities should represent the interest of a peoples' driven economy; they have the power to influence developments that will have a direct improvement on socio-economic conditions. The land that is under traditional authority should be marked for special developments that will equip rural people with skills and improve their chances of formal employment.

8.3.3 Stages of Social Dialogue

There are various ways in which social dialogue can succeed in local economic development initiatives. The five stages of social dialogue are negotiation, consultation, exchange of information, problem solving and decision making. These play an important part in engaging with stakeholders and as means of strengthening institutional arrangements for local economic development. The researcher suggests that:

- The most important factor to realise is that by empowering communities to arrange themselves for local economic development, there is a direct benefit from strengthening the institutions of economic development. More importantly, if communities are interested in the everyday aspects of local economic development, the institutions of local economic development get stronger.
- All five stages of social dialogue are important when it comes to engagement with communities and stakeholders. These stages can go a long way in addressing socio-economic conditions and creating responsible citizens who head LED projects. If

there is one thing that such stages emphasise, it is that local government cannot address the economic conditions in isolation from the people.

8.3.3.1 Information Sharing

As already observed, the identification of relevant stakeholders who have common interests in LED leads to greater information sharing and exchange. Information sharing is the first vital step to a successful dialogue, as it allows for the meaningful engagement of all participants in a dialogue where information flows two ways. It is recommended that:

- Development agencies should carry the mandate of sharing their information and resources with communities in the name of local economic development. They also have to engage with communities and all stakeholders about LED.
- The community has to organise itself for LED, which can be done through community LED forums etc. This results in a dialogue on local economic development and enables cooperation that can lead to strengthened institutional arrangements for LED.
- Information sharing should not only consist of municipalities relaying information to communities; communities should also relay information to municipalities as people have more knowledge about their local areas.
- Platforms of sharing information about LED matters should be developed, and competent people have to be put in place to share such information.

8.3.3.2 Consultation

The act of information sharing makes it easier for consultative decisions to take place as all parties would have sufficient knowledge on LED matters. In this context, consultation can be regarded as the process whereby the stakeholders engage in formal discussions with participants about issues that pertain to economic development. In this stage, the dialogue is centered on the local government getting feedback or knowledge from the local people and others on decisions that the local authority wishes to take. The one benefit that cannot be ignored is that consultation

goes a long way in helping make an informed decision, especially in decisions that might have immediate impacts on the livelihoods of the people. More recommendations are as follows:

- Public consultation is key as it involves people who might be directly/indirectly affected by the matter at hand. Consultation also leads to greater collaboration between the local government and surrounding communities. This is through the valuing of public input.
- However, consultation must come after information sharing (when all parties have sufficient knowledge about LED), because the local people have all the knowledge about their locality and their information could benefit the local government. The one benefit that cannot be ignored is that consultation goes a long way in helping make an informed decision, especially in decisions that might have immediate impacts on the livelihoods of the people.
- It is important for all stakeholders to consult with each other when making economic development decisions in order to minimise making irrational decisions that might result in unnecessary costs.
- Consultation is a key tenet for government institutions. It should be noted that consultation is also a part of the Batho Pele principles, which government officials should abide by.

8.3.3.3 Joint Decision-Making

Joint decision-making follows the negotiation process, as a decision would need to emerge from the negotiations. This is the stage that yields binding decisions that both the local government and stakeholders (organised communities, businesses etc.) have to abide by. It has to be understood that such decisions have to be partially or fully aligned with the local municipality's IDP or development agency's priorities. This is most important in that IDPs are informed by the people through participatory governance. The recommendations are that:

- Decision making should not only be limited to lawmakers or the executive; stakeholders have to be joint players in decision making. It is beneficial that traditional chiefs are also seen as partners in joint-decision making.
- The input of communities should also be respected and taken into consideration. A participant indicated that the input of community members who are not affiliated with any organisation is often unnoticed.
- The decisions that are taken by the local authorities should not have negative consequences for poor people or be a burden on them.
- Officials should familiarise themselves with making communities joint executors in LED matters in order to raise the level of participation. If people feel that they play a critical role in LED matters, they will respond to it more positively.

8.3.4 Informal Economy

The informal economy is currently an employer for many people all over the world, and the participants underlined the importance of paying significant attention to the informal economy in order to maximise the economic potential found in it. The reality is that most people in the informal economy in South Africa are doing it for survival, however if this could be tapped into such as the opportunities that were tapped into for the open farm project, people could increase their revenues and also generate employment for others. It is through the realisation of this that the informal economy should be equally important in LED matters. The researcher further recommends the following:

- The informal economy has to be better capacitated to become a pivotal social partner in the dialogue about economic development matters. One way of going about doing this is ensuring that the environment is conducive to the informal economy meeting and discussing issues affecting its functions.
- The informal economy should be formalised as soon as possible, and at the same time it should be easier to generate employment by reducing red tape.
- The opportunities in the informal economy should be leveraged by LED units and the development agencies in order to bring out their full potential.

- There should be LED forums that are strictly for the informal economy.
- Participants in the informal economy should be given enough space to expand their businesses and at the same time create decent jobs for other people.
- The informal economy should be included in municipal LED forums in order to exchange information with formal sectors.
- Local municipalities should engage with the informal economy about LED matters and try to develop a developmental objective for the informal economy.
- The informal economy should be used as a mechanism of eradicating poverty and improving the socio-economic conditions of communities.

8.3.5 Inclusive Economic Growth

The creation of inclusive economic growth is crucial in this era of increasing inequality and poverty. This is especially so in the case of communities such as Ballito, compared to Maphumulo and Ndwedwe. The participants also indicated that the plan is to make sure that economic development should be felt not only in developed areas, but also in underdeveloped areas. As a result, the following proposals should be taken into consideration:

- Development projects should be carried out in less developed areas in order to develop communities evenly.
- It is proposed that the informal economy must receive attention and the opportunities be leveraged in order to improve socio-economic conditions.
- Opportunities in areas such as Maphumulo and Ndwedwe have economic potential that have to be tapped into. LED officials in local municipalities, Enterprise iLembe and the iLembe Chamber of Commerce must work together to identify economic opportunities in such areas.

8.3.6 Barriers

The participants indicated that there is a perception amongst the local municipal LED units that the development agency and the chamber of commerce are in their territory and overstepping their mandates. Local LED officials should understand that their job is aligned with creating a workable environment for businesses to flourish and for start-ups to have access to all the information they need. By creating a hostile environment for the chamber of commerce to reach out to small businesses, local government is losing an opportunity to leverage the economic potential that localities have. It is recommended that LED units engage with the development agency and the chamber of commerce in order to understand both the role that these institutions play in LED and for the municipality to position itself to assist whenever it is needed. Further recommendations include:

- Local municipalities must be willing to work hand in hand with the development agency.
- Municipalities should alter the perception they have of Enterprise iLembe and the iLembe Chamber of Commerce and see them as joint players of social dialogue in LED.
- It is proposed that the participation of all stakeholders should be prioritised in order to increase the level of cooperation between all the local stakeholders.
- An effective mechanism of interaction between the development agency and municipalities has to be established. This is guided by the different roles and functions that each and every stakeholder is supposed to play.
- The municipalities must open the dialogue for all stakeholders who have a stake in LED matters.

8.3.7 Strategies

The study found that the strategies that were adopted by the district municipality in order to improve the level of cooperation between all stakeholders shows the great enthusiasm of the municipality in terms of solving problems before they emerge. Continuing from that, the researcher suggests that:

- The strategy should be inclusive of the informal economy.
- Municipalities should be more open to other stakeholders that want to assist.
- All LED units should share best practices.
- All LED units should assist each other, especially those municipalities that are not fully capacitated.
- Local government should engage in social dialogue within the communities using ward councilors to foster effective public participation, as this will help improve service delivery across all spheres. This might also trigger accountability in that the functions of local government will be transparent.

8.4. LEDAs vs. Local Government

It is also recommended that development agencies and municipalities know the differences presented in Table 8.1 in their roles and functions in order to minimise the confusion that exists. These roles and functions were drawn up by the researcher as a summary of his research.

Table 8.1: Roles and Functions in LED

Roles of Development Agencies	Roles of Local Government
Implementation of catalytic projects	Create an environment for businesses through information sharing
Carry out social dialogue in LED matters	Offer facilities or spaces for social dialogue
Identify economic opportunities	Work with the LEDA to identify opportunities
Form linkages for private-public partnerships	Link the chamber of commerce with SMMEs

Stakeholder integration	Offer skills support
Offer expertise to local LED units	Link small economies to the LEDA
Attract investment and promote economic development	Focus on improving infrastructure for investment

8.5 Social Dialogue and Improving Service Delivery

Development agencies and local government, as the custodians of social dialogue, have to understand that it can be used to address permanent issues, not just matters pertaining to LED, i.e. it can be used to address matters such as service delivery and poverty reduction. Some fundamental topics that the custodians of social dialogue may include in the discussion involve:

- Reviewing LED strategies, public policy and a monitoring and evaluation tool. This could go a long way to reforming public institutions and creating better developmental objectives.
- Improving service delivery and minimising service delivery strikes.
- Giving voice to the informal economy as it has emerged as an important player in the discourse about LED.
- Promoting the creation of decent jobs.
- Playing a pivotal role in identifying key stakeholders that are to help in skills development and the right-skilling of people where there is a huge demand and lesser skills.
- Tapping into issues of youth unemployment and how this can be best addressed. This means that young people should also be organised in a manner that will give them a voice.

8.6 Recommendations for further studies

The issue of social dialogue is not currently fully explored by South African researchers, especially in LED, and social dialogue is only seen in relation to the negotiation to a democratic South Africa. After South Africa became a democracy, social dialogue died out. This is why a search of social dialogue in LED matters in South Africa does not give any accounts or case studies of the phenomenon. South Africa, with the economic crisis that it is facing (slow economic growth, growing inequalities and poverty), should view social dialogue as one of the mechanisms it has to deploy in overcoming the current socio-economic conditions.

Future research can be conducted exploring the different roles that each stakeholder has to play, in order to create true participatory governance. The use of social dialogue, from the perspective of the researcher, can also bring about social cohesion as seen in Ghana, and increase efficiency in service delivery. It is only through communities knowing their roles in service delivery that public institutions can be more accountable to the citizens that voted them into power.

It is also recommended that a future study can be conducted on the role of social dialogue in improving service delivery in South Africa. This study can involve communities, traditional authorities and local authorities. The study can be done from a quantitative perspective.

8.7 Conclusion

To conclude, the increasing use of social dialogue in addressing socio-economic matters, particularly in LED, is a good justification for the institutionalisation of social dialogue at a local level. Local government, through development agencies, has the core function of integrating all relevant stakeholders (business community, civil organisations, informal sector etc.) in the name of LED. Only through such a mechanism can the economic potential of local municipalities be tapped into. This can potentially lead to the creation of inclusive economic growth and social cohesion.

This is the era of social dialogue. As Ratnam and Tomoda (2005:4) put it, “Social dialogue is a powerful tool for finding concrete ways of establishing and maintaining social cohesion and improving governance. It contributes to the creation of quality public services, both for

employees and customers.” In the midst of such inequality, only social dialogue can bring about the necessary social cohesion.

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APPENDIX A: INFORMED CONSENT

UNIVERSITY OF KWAZULU-NATAL GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

MCOM Research Project

Researcher: Isaac Khambule (031 260 8898)

Supervisor: Dr. Cecile Gerwel Proches (031 260 8318)

Research Office: Ms. P Ximba (031260 3587)

Dear Respondent,

I, Isaac Khambule, an MCom student, at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal. You are invited to participate in a research project entitled **Local Economic Development as a Social Dialogue: A Case of Enterprise iLembe**. The aim of this research is to examine the level of cooperation between Enterprise iLembe (as an economic development agency) and the various stakeholders of iLembe District (cooperatives, communities, chamber of commerce, LED forums etc.). This will be done through a critical examination of how cooperation or partnerships are formed between the public, private and communities with the specific aim of organizing the local people to enhance local economic development.

Through your participation I hope to understand what means Enterprise iLembe and iLembe District has put in place to form a dialogue around local economic development matters, and if there is social dialogue that exists between the mechanism of economic development and the people. The results of the study are intended to contribute to the effectiveness of a social dialogue at an enterprise level, and to emphasize the role of social dialogue in creating an inclusive local economy.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the interview or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The interview should take you about 45-60 minutes to complete. I hope you will take the time to help in making this study feasible and add to the knowledge of iLembe district.

Sincerely

Investigator's signature _____ Date _____

APPENDIX B: INFORMED CONSENT

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

MCOM Research Project

Researcher: Isaac Khambule (031 260 8898)

Supervisor: Dr. Cecile Gerwel Proches (031 260 8318)

Research Office: Ms. P Ximba (031260 3587)

CONSENT

I..... (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

I hereby consent/do not consent to record the interview.

SIGNATURE OF PARTICIPANT

DATE

.....

This page is to be retained by researcher

APPENDIX C: INTERVIEW QUESTIONS

Interview Questions for Enterprise ILembe

1. Social dialogue is informed by exchange of information, consultation, negotiation, joint decision-making and joint-problem solving. Which one of these would you say Enterprise ILembe utilizes the most with communities?
2. Does Enterprise ILembe go out and have dialogues/discussions about LED with communities?
3. What are the main priorities of Enterprise ILembe?
4. What mechanisms do you use to achieve these main goals?
5. To what extent has the agency met its mandate in promoting LED?
6. How does Enterprise ILembe see economic development in the district?
7. Do you do any follow up on organizations that you've assisted in terms of funding?

Interview Questions with iLembe Chamber of Commerce

1. How does iLembe Chamber see LED in the district?
2. Does the chamber help in promoting an inclusive economic growth?
3. Social dialogue is informed by exchange of information, consultation, negotiation, joint decision-making and joint-problem solving. Which one of these would you say ILembe District utilizes the most with other stakeholders?
4. Who are the chamber's stakeholders?
5. Do you engage in LED matter with local municipal LED units?
6. What is your relationship like with Enterprise iLembe?

Interview Questions: ILembe District

1. SALGA recently awarded KwaDukuza with an award for fostering effective public participation, what is the district's take on that?
2. Would you say that effective public participation has a positive impact in LED?

3. What mechanism/approach do you use in public participation?
4. What would you say is the role of social dialogue in LED matters?
5. Social dialogue is a participatory mechanism that is informed by exchange of information, consultation, negotiation, joint decision-making and joint-problem solving. Which one of these would you say iLembe District utilize the most with its municipalities?
6. What is your interaction with Enterprise iLembe?
7. How does iLembe district view LED?
8. Which stakeholder is most effective in the region's economic development?
9. What would you identify as a challenge in carrying out social dialogue in iLembe?

Interviews Questions with SALGA

1. What is SALGA's role in LED?
2. How is SALGA supporting development agencies?
3. Does SALGA have any dialogues on LED with municipalities?
4. How would you describe SALGA's relationship with Enterprise iLembe and the greater iLembe District?
5. Social dialogue is informed by exchange of information, consultation, negotiation, joint decision-making and joint-problem solving. Which one of these would you say SALGA utilizes the most with stakeholders?
6. What stakeholder relations mechanisms does SALGA use? Does it involve information sharing, consultation, negotiation, joint problem-solving and joint decision-making?
7. There is a confusion between the role of development agencies and local municipal LED units, what's SALGA's take on that?
8. What would you identify as the main barrier in LED?

APPENDIX D: ETHICAL CLEARANCE



21 May 2015

Mr Isaac Bheki Khambule (212555982)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Khambule,

Protocol reference number: H55/0511/015M

Project title: Local Economic Development as a Social Dialogue: A case of Enterprise iLembe

Full Approval – Expedited Application

With regards to your application received on 18 May 2015. The documents submitted have been accepted by the Humanities & Social Sciences Research Ethics Committee and **FULL APPROVAL** for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully


Dr Shenika Singh (Chair)

/ms

Cc Supervisor: Dr Cecile Gerwel Proches
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyrai

Humanities & Social Sciences Research Ethics Committee

Dr Shenika Singh (Chair)

Westville Campus, Govan Mbeki Building

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APPENDIX E: PROOF OF LANGUAGE EDITING



PO Box 68648
Bryanston
2021
20th October 2015

To whom it may concern,

This letter is to confirm that I am a professional editor and proof reader and that I have edited Isaac Khambule's thesis, the title being: 'Local Economic Development as a Social Dialogue: A Case of Enterprise Ilembe.'

For any queries, please contact me on jenniferrenton@live.co.za.

Yours sincerely,

Jennifer Lindsey-Renton

APPENDIX F: TURN-IT-IN REPORT

Isaac Khambule - Final Dissertation

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